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# ***Daily Report***

## ***Supplement***

# **East Europe**

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JPRS-EER-93-066-S

Monday

12 July 1993

# East Europe SUPPLEMENT

JPRS-EER-93-066-S

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12 July 1993

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**\* Economic Cooperation in Carpathian Region Discussed**

93CH0711A Bratislava SZABAD UJSAG in Hungarian  
7 Jun 93 pp 1-2

[Article by Ferenc Toth: "The Economy and Cooperation"]

[Text] "The Economy and Cooperation" was the title of the conference organized jointly by the Nagykapos [Velke Kapusany] Enterprise Foundation and the Nagykapos municipal administration.

As Tibor Bodnar, the mayor of Nagykapos, said in his introductory speech, the primary purpose of the conference was to revive the local economy. In his words, it is to be hoped that this first conference will be followed by many similar ones, not only in Slovakia, but in the [Carpathian] Euroregion's other countries—the Czech Republic, Hungary, Ukraine and Poland—as well.

The first in the series of lectures was by Mrs. Miklos Molnar, the representative of Heves County, on the origins and mission of European regional associations.

Anton Ondrej, the representative of the East-West Institute headquartered in New York, emphasized the importance of exchanging information. He said that his institute can only support certain programs or initiatives. He added that the East-West Institute regards the Carpathian Euroregion as a

viable association that could play an exceptionally important role in Europe's development.

Sandor Fuksz pointed out in his lecture that fixed borders still apply to border regions. This is true particularly of the region that is wedged in between two points where the borders of three countries (Slovakia, Poland and Ukraine, respectively Slovakia, Hungary and Ukraine) converge. Bearing the example of Yugoslavia in mind, the lecturer said that no sane person would dare speak of changing borders by force. "I am confident that initiatives from below will compel the representatives of our governments to see reason," he declared.

In a lecture full of suggestions, Istvan Juhasz, the managing director of the Zemplen Regional Enterprise Agency's branch, offered sound advice on how to set up a business and obtain assistance.

Dr. Janos Fonagy endeavored to share with his audience his own experience with business incubators. "If the region does not help itself, no one else will. Whether you like it or not, our interests are linked. There are many things that can be done militantly, but business can be done only in peace and quiet."

Let us hope that our entrepreneurs will prosper. And that we will have also the peace and quiet that are essential to business.

**\* Finance Minister on Economy, Political Situation**

93CH0729B Budapest TALLOZO in Hungarian 10 Jun 93 pp 1073-1075

[Interview with Finance Minister Ivan Szabo by Henrik Havas and Laszlo Juszt in Budapest on the NAP TV public affairs program OSSZTUZ on 3 June 1993: "The Life of a Party Is Not the General Meeting of an Academy"—transcript of television program]

[Text]

[Havas] Many happy faces turned toward the Finance Minister, Hungarian Democratic Forum [MDF] Executive Committee Member Ivan Szabo, when he entered. Could it be that the guests were happy about the increased AFA [value-added sales taxes]?

[Szabo] Increased AFA is a low price to be paid to avoid the problem.

[Juszt] Low price? How much is it going to cost?

[Szabo] According to our calculations the increased AFA is going to present an additional per household monthly burden of between 300 and 400 forints, more or less. If introduced in October, the net incremental societal burden amounts to 3 billion forints.

[Juszt] Were you able to figure out the inflationary impact of this increase?

[Szabo] We calculated both a minimum and a maximum estimated inflationary impact. The lower limit is 1.8 percent, the upper limit is 4.2 percent, as compared to the originally estimated inflation rate. I personally have difficulty in perceiving a situation of even reaching the lower limit, because a significant part of the articles sold has already reached the limit of flexible demand, due to the 10 percent AFA added as of 1 January this year. And prices did not increase further not because they did not want to increase prices further, but because commerce, not the state budget received the revenues.

[Juszt] Mr. Minister, I hope this is not going to come as a surprise: The increased AFA is going to create yet another impact, irrespective of all this. Prices will soon be increased once again.

[Szabo] They may increase prices, but then they are not going to be able to sell the merchandise. Although not a fully developed market economy, but a market economy is beginning to evolve. Supply and demands are no longer the only things that determine prices, someone also has to buy the merchandise. Prices are going to decline if there are no customers, and declining consumption is the essence of the entire crisis we experience at present.

[Havas] But in this instance we are not dealing with meat! Indeed, if a certain volume of meat that cannot be sold accumulates for some reason, prices must be reduced in order to sell some of the meat. But raising the zero and 6 percent AFA to 10 percent affects goods for which the

demand is not elastic, such as pharmaceuticals or household energy, to mention just one more item.

[Szabo] Demand for pharmaceuticals is not elastic, but in that area free market prices do not prevail anyway. One pharmacy does not charge twice as much for aspirin than another. For now we have price supports with respect to pharmaceuticals, and pharmaceutical prices are more or less fixed.

[Havas] But this is far from the truth when it comes to energy, for example, because increased energy prices are going to have a ripple effect and increase the prices of everything else.

[Szabo] From a practical standpoint, this tax increase is going to even out consumer, industrial, and producer prices, in other words: Industry is going to be less sensitive to these taxes than before. I do not think that the ripple effects are going to be so great. (The ripple effects of the AFA, of course, are obvious.) A long-term increase in energy costs within the industrial sphere can be predicted. I do not want to scare anyone, but in order to permit the Hungarian energy industry to move from its dead center where it stands today, and in order to attract foreign investors to that industry, energy prices must be adjusted to European levels by the end of 1995. If we fail to do so, our energy supplies during the initial decades of the next century are going to deteriorate as compared to the present situation. In other words, not much time is left to settle this issue.

[Juszt] Having gained strength in the social security elections, how are the trade unions going to digest this whole AFA business? They expressed a dislike for AFA at the Interest Mediation Council [ET].

[Szabo] We are in the process of conducting preliminary negotiations with the trade unions. Trade unions are fundamentally interested in seeing the functioning of a normal compensation system relative to certain strata. They are not going to reject economic rationale as long as they are assured of having such a system, because they know that they cannot get away without resolving this issue. I believe that the failure to resolve this issue earlier is the big problem. We were told by the trade union leaders that they objected so heavily because they had been told in the last moment that the government was considering some kind of compensation system. I had difficulty understanding this, because I was not present at the ET last year. I was aware of the compensation system the government developed, but the trade unions claimed that they had learned of the system only after they had driven their stakes into the ground, and had no longer been able to change their position.

[Havas] The economic package plan, of which the increased AFA is part, is being linked to the supplemental budget issue. Let's discuss the political aspects of this first. A wing within your party, the Csurka wing, refused to vote for AFA last year, and refused to support the budget last year. How

did the supplemental budget emerge as a subject for consideration? Did it arise as the criterion for the tensile test of purifying the MDF, or as a financial necessity?

[Szabo] When we prepare a supplemental budget we do not regard this as a refined means to settle the internal affairs of the party. Other means are available to accomplish that. A supplemental budget is none other than a simple reflection of a factual situation. In other words, one cannot use a supplemental budget as a means to spark debate, because a debate could also be sparked with respect to the number of flies humming in the parliamentary chamber, one could file an interpellation questioning why Mr. Gyorgy Szabad has failed to catch the flies. A supplemental budget merely recognizes a factual situation. It indicates that the revenue side was oversized in last year's budget, precisely as a result of the ominous ET agreement which came about after settling the entire budget. At that time the then finance minister sat down to mediate the issue with nothing in his pocket and thus agreed to the 34-billion-forint figure. They added this 34-billion figure to the revenue side, too, just to preserve the balance. At this point, we must recognize that no such revenues exist. It almost makes no difference whether parliament accepts or rejects the supplemental budget, because those revenues are not going to exist even if parliament rejects the proposed supplemental budget. The bigger problem is that we intend to act on this agreement honorably, and freeze the reserve funds. This means that the reserve fund, previously disposed of at the discretion of the government, is removed from under the government's authority and becomes part of the supplemental budget, subject to approval by parliament. Accordingly, the rejection of the supplemental budget by parliament would result in rendering inoperative some state administrative organs funded by the state budget within a few weeks, and these include primarily e.g., the land offices operating in the countryside.

[Havas] The explanation given for the 35-billion-forint shortfall was failure of revenues anticipated from banks and privatization revenues to materialize. Now you are telling us that this is not the real reason for the shortfall, but instead, the real reason is that something had to be written into the budget at last year's ET. What's the truth?

[Szabo] That's what they added.

[Havas] All right then, but this year's plans called for 75 billion forints in privatization revenues, the combined total amount of privatization revenues collected during the past three years. Would you say that it was foolish from the outset to count on that?

[Szabo] Obviously. This was necessary to achieve a balance. Tamas Szabo said at that time that not a cent of this was expected to materialize; this occurred in the final moment, nothing else could be invented.

[Havas] Ivan Peto's people are not aware of this, because a week ago they said that they would not vote for the supplemental budget. And as long as recording the factual situation is only an economic necessity, what problem do the opposition parties have with this?

[Szabo] They have no problem at all! Their problem is that they are in the opposition and not in a governing position! We obviously could not vote for the supplemental budget either, if they were in the ruling position. This is another issue. This is not the real problem. The country would get by somehow by not meeting the revenue projections, and the rest would be settled somehow. The big problem is that this budget deficit, up to the new, recognized amount of the deficit, is part of the agreement we reached with the IMF. One could expect the IMF Board to accept the Hungarian letter of intent, as long as they recognized that Hungary has taken steps to stay within the deficit limit agreed upon. Adopting the supplemental budget is one of these steps.

[Juszt] What are your expectations, Mr. Minister, is parliament going to adopt the supplemental budget? You must have made a head count in parliament, how did things shape up during the past few days?

[Szabo] Yes, I have a feeling that parliament is going to pass the supplemental budget. The supplemental budget will be approved the same way as last year's budget. Exactly the same way, because the balance has not changed as a result of the exclusion or departure of some, that team did not vote to approve last year's budget either. The number of votes does not change just because someone votes nay from within the party, or from a different seat.

[Havas] This matter can be interpreted in two ways. It could be regarded as a mistake on your part—bad planning. Or, one could feel the way you do: The IMF is going to follow up on that letter of intent, therefore voting for the supplemental issue is a national cause. There is a huge difference between these two views.

[Szabo] The fact that revenues were overestimated is one thing, and this is an unquestionable fact. If I want to be very rough, I can say that this might have been one of the reasons for changing finance ministers. Unquestionably, this was part of this matter, because one could not proceed on that basis. But the other question is to what extent a supplemental budget is in our interest: It makes available certain external resources, and not even small resources at that; in terms of a year and a half they amount to almost \$1.5 billion. This influx of capital is needed for the country's functioning.

[Havas] In other words, the one who does not vote for it is unpatriotic. This brings politics into the picture.

[Szabo] In parliament people play a political and not a patriotic game. Only one thing exists that is capable of indicating two things at the same time. One is that the opposition does not like the government, and I regard this as the natural order of things. It would be stupid on my part to say that the government does not like the opposition either. Such is life; it is evident that they do not vote for the government. But it should be clear that in voting they also vote on accepting or rejecting the IMF agreement. If they vote the government down, and if God forbid, they assume the governing position, they are going to have to implement that agreement. But how could they implement it if they voted against it?

[Havas] Then they do not receive the \$1.5 billion.

[Szabo] They do not receive it.

[Juszt] Doesn't this smack a little bit of extortion?

[Szabo] No, it does not.

[Havas] This is not a little bit, this is extortion.

[Szabo] A legal solution exists for this, and I am permitted to discuss it, I hope it is no secret. I asked the leader of one of the opposition parties, Ivan Peto, to provide an indication—so that they do not ruin the credit of Hungary—to provide a clear indication that they do not like us, at the same time, however, not to ruin Hungary's credit at the IMF. Such an indication could be properly given by them by pushing the abstention button, instead of voting against the supplemental budget. This is an internationally accepted practice: One does not object to the substance of a proposal, but to the one who makes the proposal. Thus the situation could be saved even if, God forbid, they would vote down the government. Nevertheless I still believe that it does not make any difference which button they push, because the bill is going to pass anyway. (...)

[Juszt] You made a comment regarding a mysterious promise by someone at the IMF at the time, for which you are being penalized now. But we never heard anything else about it. Could you expand a bit on this?

[Szabo] Sometimes debate pertains to absolute figures. It seems sometimes that the subject of debate is a very small item, but for some reason the small item weighs heavily on the scale. Utilizing the reserve funds was one such issue. This year's budget included 13 billion forints of reserve funds—in round figures. Based on the state household law, the government has authority to allocate these funds for extraordinary supplemental or other expenditures, and it can do so by issuing a determination. Of these 13 billion forints the government decided to use 5.8 billion forints, for one purpose or another. In Washington the IMF executive staff received me by saying that this was an indecent matter, because an agreement had been reached at the highest levels between the number-one man at the IMF and our finance minister, Mihaly Kupa, that these funds would not be touched, once it became evident that the deficit level could not be maintained. I should add to this, that the IMF told us in advance that the privatization revenues would not materialize. I was able to reach an agreement with them in this regard because they told me back in December that the deficit was going to be as high as it is today, except that we did not make a statement to this effect here in Hungary. I listened to all the statements Mihaly Kupa made in Hungary, denying that he had ever reached such an agreement. There was no gentlemen's agreement. Two persons reached the agreement. One of these was the gentleman, the other the agreement. I do not know who the other person was.

[Juszt] What kinds of budget cutbacks should we expect, and mainly, would you tell us whether these cutbacks are going to involve state expenditures, or the staff? One more

thing must be added: Construction cost estimates for the new government district in the Castle amount to 5.2 billion forints.

[Szabo] Yes, over a period of five years, ending in 1999. This sum of money is not this year's money. Incidentally, a six-party consensus exists in this regard, because we are dealing here with the restoration of the traditional government district. It is still better to have government organs operate in those palaces than to have a boutique system that is beginning to evolve. The boutiques are somehow not worthy of a city district that represents legacy to the world. Look, whenever we discuss expenditures we also talk about state household reform. In response to this, everyone conjures up the image of two chauffeurs dismissed from the ministry. State household reform pertains in general to the issue of expenditures contained in chapters, and within those, to expenditures related to certain systems. Within the annual budget—whose deficit alone amounts to 220 billion forints, and the entire budget exceeds 1,000 billion forints—the entire cost of the staff in all ministries, from ministers to mailmen, amounts to only 20 billion forints. Accordingly, if I say that we are going to make huge cutbacks in personnel at the ministries, that we are going to streamline things and that we can dismiss half of the staff, the budget deficit is going to be no less than 210 billion forints, instead of 220 billion forints. What an accomplishment that would be! Quite obviously, the bulk of the expenditures does not represent personal service items. Some of the expenditures are unavoidable; these include agricultural subsidies, which are extremely low as compared to amounts paid elsewhere in Europe. Certain investment developments are also charged against the budget. One of the largest items is support payments to local governments. Then there is the public employee law—a big chapter—and support for social security. These are the expenditures we are talking about, whenever we mention household reform. The big money is here, not in 20 billion forint ministries. (...) Well, these are the things we are trying to get a handle on. Let me also say that we should also add to this social security reform. Thanks heaven, we have taken one step in this regard. But let me also say that we are all victims of a grand illusion. We have reached a certain level of prosperity in society. Society would not tolerate reduced expenditures in these fields. It is entirely obvious that these expenditures should be reduced on a relative scale, along with an increasing GDP. Talking about these things is an illusion, unless we have economic growth. Social security expenditures are not going to decline in an absolute sense, but by halting the growth of the related expenditures as a result of reform, while the situation of society improves. This is a big reform project. We are unable to implement this reform, because—and I do not want to destroy illusions and make predictions as to who is going to rule this country how many times for four year periods—social security reform takes anywhere between 15-20 years. Just think of implementing the change in retirement age everywhere. Just think of the time it takes to convert the system and place it on insurance principles, so that the system derives money based on its own operations.

[Havas] Let us discuss one more thing. This pertains to your proposal to delay the introduction of the public employee law. There is one thing I really do not understand about this. You made a statement to the effect that this involved 45 billion forints, and that is a huge sum of money. If you were to pay this money to those to whom it should be paid, it would evaporate, it would inflate, the money would disappear. You said something to this effect. Why is it better for local governments to obtain credit and to use their own resources to produce those 45 billion forints for which the state provides a guarantee, or for which the state is going to reimburse local governments, with interest? What sense does this make? I am interested to know whom you are afraid of, if you pay money to a place where you should pay that money according to the law?

[Szabo] I am not afraid of anyone. The situation is as follows: If we do nothing in 1994, if we just sit and do not even move, budgetary expenditures are going to increase by 55 billion forints over and above the present level. This is going to occur because of state repayment obligations become due, obligations which do not exist this year.

[Havas] This is the internal debt.

[Szabo] External, too, installment payments, debts incurred as a result of interstate agreements. In other words, these must be paid, otherwise Hungary loses its credit, it is not going to be able to obtain credit. By adding 45 billion forints to this, we have 100 billion forints. This would mean freezing everything at the present level, i.e., no housing program start, no agricultural and infrastructural support, and aside from that, from where on earth could we obtain those 100 billion forints? There are no external resources, they came to an end when the Kadar system came to an end. There are no domestic resources, because we are picking the unobligated funds in banks. We do not want to introduce large scale, direct taxes because that is impossible. What's left? The sole source for financing is inflation. Accordingly, if I were to say that we were increasing the budget deficit by adding to the budget a 45 billion forint public employee wage increase, the sole source to finance that increase would be inflation. It then follows that if we pay this money from the state budget, that money is going to melt away in the hands of the recipients in a month or two due to inflation, and at that point they received nothing, they were only deceived. Another formula: We do not use budgeted funds for this amount, and thus the budget deficit does not increase. Let local governments or social security finance this amount, if they have enough of their own resources to assume this burden. Whether they want to do this or not is another question, in my judgment. But if they do not want to do it, to hell with it, let them not want to do it. Even then, a guarantee provided by the state to banks, which, from the budget standpoint delays payment, provides an opportunity for local governments and social security to borrow funds not on the basis of their own assets, but on the basis of the state budget, because the state guarantees the repayment of these loans. No bank in the world refuses to consider guarantees provided by the state. (...)

[Juszt] I know that financial issues are much more interesting in the long run, but more exciting things are happening these days within your party, the MDF.

[Szabo] For whom is this exciting?

[Juszt] It is a fact by now that the MDF is not going remain in one piece, the way we have become used to it during the past three years. The question is much rather this: who takes what, what is left, in other words, what remains with the MDF, and what goes with Csurka's group. Distribution of belongings is unavoidable when divorce occurs, I guess.

[Szabo] Well, there may be a question about who goes and who stays. As to the "what" question, there is no "what" to go or stay, because this is not a divorce based on mutual consent, even though there was a fleeting moment when we were about to sit down and negotiate. We did not sit down, because one of the parties did not show up. As they used to say: War continues if armistice talks fail to materialize. But jokes aside: The MDF has a legitimately elected leader; it has a board and an accepted political professional policy to follow, and it was approved by the national convention. Another group sprung up with another kind of program. It is obvious that this program is not the political program adopted at the sixth national meeting. Accordingly, we have a situation in which someone departed, irrespective of whether this occurred peacefully or not. But this departure does not represent a divorce in the sense that it would have financial consequences. Just look at the case of a more unfortunate party: The legally elected leadership took the Smallholders' coffers, and six smallholders hold on to the money while 36 of them drew blanks, they were left without money, because Torgyan had the registered party.

[Havas] Many feel that this divorce did not represent someone's departure, but amounts to exclusion instead. Very many people feel that the Csurka group won a strategic victory, or that they psychologically benefitted from the affair, for being excluded from the parliamentary group. They did not leave, instead they were told to go, and this makes a tremendous difference.

[Szabo] The way things happened was not good, it should have been done differently. The parliamentary group decided to request them to leave. They would have been excluded had they not left. This measure would not have involved the party, but only the parliamentary group. We will learn more about the happenings in the party come Saturday or Sunday, even though exclusions must be dealt with by the national committee. If it becomes clear at the national committee that the political platform they represent does not correspond with the MDF's fundamental policy, and if the national committee decides that this platform represents a defiance of the party line, then the matter becomes an ethical issue to be dealt with by the ethics committee.

[Havas] The prime minister said that he would have initiated or urged the departure of Csurka's group ever since 20 August, since the publication of the Csurka study, had it not been for references to his person and his illness, which made this action on the prime minister's part

humanly impermissible. Many ponder whether a politician should say such a thing, because actually a very deep ideological abyss exists between the center and Csurka's group, and the prime minister postponed a rift between the center and Csurka's group for entirely subjective reasons. This is incomprehensible to many.

[Szabo] The life of a party is not a general meeting of an academy where scientific theses are being debated. It should be clear that opposite ideological, social policy, or political views may exist within a party's leadership. But if such opposite views include an attack on a person, the membership is obviously not going to regard this as such, because it cannot read between the lines; it does not understand things they way they are. The situation becomes terribly simple. A personal attack is being made, this is how it looks, and this is unacceptable. It would be inconceivable in a democratic party to make decisions based on personal differences between the chairman and the vice chairman, instead of on grounds of political differences. This was the trap insofar as this matter was concerned. And I believe that this could not have been explained by arguing that in this instance the issue did not involve "retortion by the empire." In other words, it had to become clear that this was a different movement, a different platform, a different election program, which exists like a state within the state, or like a party within the party. This does not involve personal differences! I will say that Lajos Fur and Sandor Lezsak like Istvan Csurka very much, moreover, I will say that very many people who did not vote for him at the national meeting also like him. This is not a matter of human empathy, this involves a political issue. This has become clear by now, and no one believes that today's trouble is based on Csurka mentioning an illness in the 20 August article. (...)

[Juszt] As a professional and as finance minister, how do you view the sale of the Officers' Building? What do you think of suggestions that the various party headquarters should not be transferred under the ownership of the parties, because, conceivably, the present six parties seated in parliament could be defeated in the elections, and another ten parties could take their places. At that point the ten new parties would also have to receive headquarters buildings.

[Szabo] This is provided for by law at the moment. Nothing prevents anyone from introducing a legislative proposal to the effect you suggest. But we must follow the law, as long as it is in force. This law was supported by a consensus of the six parties in those days. And incidentally, the distribution was fully legitimate.

[Havas] But from a moral standpoint one ponders just who authorized the parties to give themselves a gift worth a few billion forints, because from a practical standpoint that's what it is. Because there is a useful value—this amounts to 2,500 square meters to accommodate the staff—and then there is another value which can be measured in terms of money, which depends on whether the gift of 2,500 square meters is given to FIDESZ [Federation of Young Democrats] or the MDF in Outer-Ferencvaros or in the Officers'

Building. This is a moral issue. Explaining to people the basis upon which the parties donated to themselves this gift would be beneficial.

[Szabo] If someone is tight with his money and denies himself clothing and walks in rags, the question of why this person did not wear a tuxedo when he could have afforded one, is no longer a question of ethics. They were entitled to those square meters. The fact that the MDF did not use those square meters, and made a choice of tightly managing its resources by remaining in that rather miserable building on Bem Square, and that the MDF decided to save some money instead of moving to a place where it could have moved, would have prompted complaints about the MDF and FIDESZ having huge rooms in a beautiful building while the poor people are hungry. It would have been a scandal, had that been done! The ethical question would be raised: why were only three desks placed in a room like that? This situation resembles the Aesopian tale: You are wrong if you carry the donkey and you are wrong if you sit on it; one cannot end up looking good in a situation like this.

[Juszt] But one should not have entered into such a thing.

[Szabo] Why not? If something is due according to the law, it is due.

[Juszt] Don't misunderstand me! I am not arguing against you! I am questioning the six-party agreement reached in those days.

[Szabo] In that case we are questioning parliamentary democracy, because if that is the case, the parties seated in parliament were chosen incorrectly. The parliament of the future is going to have a different composition. It will create a new law, it will redistribute everything. It is that simple. This is question of ethics at present. When we tried to codify ethical issues, like, for example, compensation, we heard counterarguments based on economic considerations. Let's not start out with this issue, because whenever the government receives the short end of the stick the situation creates an ethical issue; if things go bad based on law, the Constitutional Court is found to be correct; if something does not work for reasons of the economy, then the economy is blamed for the problem. Let's not do this. This case was clear from a legal standpoint. Let's not inject ethics into law, because if we do, I will ask why other parties have such big offices, what buildings they occupy, and what they are going to do with those.

[Havas] Interestingly, you became aroused at this point. You were calm as long as we were talking about persons, about the MDF.

[Szabo] Because from my point of view the fact that we are creating an ethical issue out of 1 billion forints at a time when our problems are in the order of 1,000 billion forints, is also a question of ethics. Because no one would say a word had FIDESZ or the MDF occupied these! This is the same thing as if I were to say that let's kill all those people who received and sold their compensation vouchers, because they received these to buy stock in Ganz-Mavag.

This, too, becomes an ethical issue: Why do they sell the compensation vouchers to brokers at half price?

[Havas] I read somewhere that FIDESZ had invested 140 million forints into a luxury rent-a-car firm.

[Szabo] Did they invest their own money?

[Havas] Their own money.

[Juszt] Insofar as that money is theirs, it does not belong to the country.

[Szabo] If the law says that the money belongs to them, parliament took that money away from the country and gave it to FIDESZ. As I said, you may question the validity of parliamentary democracy, but you can do so only after the next elections.

[Havas] A moment ago you said that you were aware that Fur and Lezsak actually liked Csurka. If this is true, how was it possible to maintain a balance since last August? Why did you insist on having a managing chairman and a member of the leadership whose political sympathies, background, and other attributes were quite obviously supportive of a political opponent?

[Szabo] Thank God, this involves more than political sympathy. I don't know. But I do not think I am about to reveal a great secret if I say that Lajos Fur and Istvan Csurka are very good personal friends. Life produces situations in which political rifts occur along with personal friendships. This was an emotional issue from Lajos Fur's standpoint. One has to understand this from a human standpoint. The issue was not fundamentally political, and therefore it was not so problematic. Unfortunately, this is one of those cases.

[Juszt] Were you surprised by his resignation?

[Szabo] Sometimes even brothers belong to different parties. We have a situation like that in parliament. The emotional relationship, being a relative, is different from a political relationship. One is not born by having his emotions tied to politics. I know of married couples where the husband and the wife belong to two different parties, and they are still together.

[Havas] Sandor Lezsak said that the heartbeat of a majority in the MDF is in synchrony with Csurka's heartbeat. Shouldn't we rather say that Csurka, Lezsak and Fur would have taken away a significant part of the MDF, and the center would have been left with nothing outside the parliamentary group and the government?

[Szabo] They did not want to take those people away. This has never been discussed the way you put it. What came into conflict here were emotionally charged attraction and realpolitik. I regard the launching of a movement that represents an ideal as entirely natural, without even thinking of becoming a party at the outset. Subsequently the movement formalizes its movement character. Later a party evolves from that movement. Any rational centrist party in Europe which formulates a certain value system, a national and Christian value system, is obviously bound to

wear out. Let's see, that's the way things are everywhere in the world. In Hungarian history, too; the young people, gathered at the Pilvax Cafe, created a revolution, but Petofi did not even become a member of parliament. And I should add that Mihaly Vorosmarty did not become the chairman of the National Defense Committee.

[Havas] Well then, let me reverse the question. Could it be that they should not have departed, but instead, those of you who came later to the MDF, should have departed? Because this party is no longer the same party. Shouldn't you ask the question—Mr. Antall, you, personally, and a few others—whether you came to the right place?

[Szabo] The question is whether we accept or do not accept a natural political evolutionary process that started out from a newly sprouted political seedling. An evolution like this can start up as many times as you wish, I can predict that. Istvan Csurka is presently starting with the Hungarian Way which he established as a foundation at first, and then as a movement. Now he is going to turn it into a party. Three years from now we will see the same conflict among the professionals of that party, because it is entirely natural for an idealistic writer to come into conflict with pragmatic politicians. But this does not mean that the party and the movement are two different things. Who in hell would dare to deny that a plum tree that produces plums, and is growing out of a plum pit does not have the same roots as the plum pit? Of course, it is a different root system, but it grew out of that, it came about that way. This is beyond dispute. (...)

[Juszt] How do you feel now that it came out that the MDF parliamentary group had some III/III agents?

[Szabo] This issue also involves privacy rights.

[Juszt] And it also constitutes a violation of secrecy, because the interior minister declared this entire matter to be a secret.

[Szabo] Four public officials had access to this and have authority to review this matter. These officials know exactly the identity of those in parliament previously involved with the III/III, or previously holding memberships in some other secret organization. The persons involved could request verification on their own behalf, if they wanted to. Raising this issue would obviously violate privacy rights. I would not tell the truth if I said that I was shocked by this revelation.

[Havas] This will upset you once again, Mr. Minister, but I will say that this, too is a moral issue: We are not going to bother looking into this matter, to find out who among us were informers and who were the agents. How was it possible to agree to cover up for four years?

[Szabo] A reverse moral issue exists, if you will. One can be certain of the fact that "the internal ministry boys" were extremely clever in making the SZT [top secret] officers' cards disappear. Some were also clever enough to deliberately make disappear certain clearly missing cards. The authenticity of some of the cards was not proven by any means, and only an admission would validate them. But

even then we could not tell whether a person was active or not. Raising this issue has touched a sensitive point everywhere, in Poland, in Germany and among the Czechs. Very many people have failed in doing that. Why? A poor former buddy of mine was called in, beaten up, then proved to be a bit too weak, and they made him sign a rotten card. The card was left behind. The one who beat his brains out, the one who did anything with this guy has no card. My buddy might not have done any wrong. We are unable to distinguish whose card is false, and whose is not false. Accordingly, I regard it a matter of ethics to decide whether we should beat the hell out of an unfortunate rape victim, since we are unable to reach the man who victimized him.

[Havas] Why then did the prime minister make a reference to this matter at the parliamentary group meeting? And why now? And is it ethical to make such reference under the circumstances? The prime minister has already done such a thing before.

[Juszt] Why was it all right to cooperate for three years?

[Szabo] Because this team got shaken up and had its own members sign statements under oath attesting to not having been III/III agents.

[Havas] And did the prime minister say "naughty-naughty"?

[Szabo] This, too, is a matter of ethics. Why does a person sign such a paper when he knows the truth about himself? Because such person could cleanse himself, he could stand up and say, "Well, kids, I had signed that rotten piece of paper, they had done this or that to me, I had gotten mixed up. If anyone knows of a person on whom I reported, and if I caused any damage..." But no. He signed that he was not an agent. This is no longer ethical on part of that person. And since we are dealing with a team that appeared to consist of grail knights, the saintly character was questioned a bit.

[Havas] Would you then say that the prime minister did not extort these people, but made himself nervous instead?

[Szabo] Yes, at some point this, too, is a matter in which certain values are being protected. Some of these people do not possess these values and are very conscious about it.

[Juszt] What has happened to Mr. Tamas Szabo, with whom you share your last name? He was the MDF campaign chief, and now he was suddenly told that he was no longer the campaign chief. He was under attack for a long time for holding that position; people were wondering how the two functions could be performed by the same person. You people said that performing the two functions together was highly ethical and very decent, and that they could be performed together very well. We suddenly hear now, "Oh, this is out of question, he is not the campaign chief, this was only a temporary solution."

[Szabo] I believe that the formula is much simpler than that. He was assigned to organize the campaign. Only the common usage of terminology abbreviated this assignment and made him the campaign chief. A ton of material

prepared by him and a team of Hungarian and foreign experts was the subject of a two-and-one-half-hour discussion by the board. The material was extremely to the point, and the national committee was also going to discuss it. This is what preparing and organizing the campaign means. It is ready to go.

[Juszt] It was unnecessary to be so defensive.

[Szabo] Why did you have to attack then?

[Juszt] Why did you have to defend this matter?

[Szabo] I did not have to present a defense; the job is done.

[Juszt] They should have stated that this assignment was for a month only, and was not related to the elections.

[Szabo] At that time one could not tell whether the job could be performed in a month. This is a different question. It is not going to last until the elections. Every member of the managing board has extracurricular assignments. This is what the managing board manages. Incidentally, at the time this decision was reached, the house [obscure reference] did not have a director.

[Havas] In other words the government is not going to fail in conjunction with the supplemental budget.

[Szabo] I am convinced that the government is not going to fail on the supplemental budget issue, but the consequences are going to be very grave if this occurs despite my expectations. One cannot be certain about anything in politics.

#### **\* Various Politicians on 1994 Coalition Prospects**

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pp 10-11

[Interviews with Independent National Assembly Representatives Mihaly Kupa, Istvan Fodor, Janos Denes, and Janos Palotas and Christian Democratic People's Party Representative Gabor Balogh, by Erno Kardos; place and date not given: "Parliamentary Corridor: Who Is Going To Govern Beginning in 1994?—Part III"]

[Text] Understandably, the individuals concerned in the matter, that is to say, members of the parties, present, with great restraint and using many conditionals, various versions of possible alliances after the parliamentary elections to be held in a year. But only the knowledge of the political situation and their intelligence is the limit to the versions put forth by independent representatives. Our poll was conducted by Erno Kardos.

[Kardos] How does the former finance minister of the Antall government, Independent Representative Mihaly Kupa imagine the next coalition?

[Kupa] Hell knows what the coalition will be like. I wouldn't feel good in one which is too right-wing or left-wing.

### Complete Stalemate

[Kardos] And in what kind of a coalition would you feel good?

[Kupa] In one which would look into the future and would work on how Hungary would look like, say, in 2010. I am not thinking of such ridiculous matters that in 2004 we will catch up with Austria, as the current finance minister said, because this is not a horse race. In other words, in a youthful, dynamic, future-oriented, and not vindictive coalition.

[Kardos] And if you think in terms of the current parties, which combination do you envisage?

[Kupa] This is very difficult. The Hungarian Democratic Forum [MDF] has a good wing, let's put it that way. The Alliance of Young Democrats [FIDESZ] is already losing some of its popularity, but it is youthful. The Christian Democrats, in my opinion, can double their votes even under the worst leadership, and behind them in the lower ranks there is a very good, well-educated middle class. Incidentally, the Socialist Party will probably be the strongest party in parliament.

[Kardos] In your opinion, will they be able to form a government?

[Kupa] One would have to ask them if they want to be in the government at all. My impression is that they would prefer a very strong position in the opposition.

[Kardos] According to independent representative Istvan Fodor, which coalition has a chance after 1994?

[Fodor] I can approach the matter by elimination. I cannot imagine that the present government coalition, in this combination, can have the majority necessary to govern. I have great difficulty imagining the young democrats form a coalition with the Socialist Party, at least if they abide by what they have said up to now. As a consequence, a complete stalemate might arise, which means that after the next election, the next government or government coalition will be formed with great difficulty.

[Kardos] Still, some sort of a government or government coalition is necessary.

[Fodor] In my opinion, the parties of the present coalition would like to govern, but they will not be able to do so by themselves. In my opinion, the young democrats would also like to participate in the government coalition. At the same time, there are parties in parliament which are afraid of having to govern.

[Kardos] Who are you thinking about?

[Fodor] At least two parties of the opposition. Incidentally, I could imagine a great coalition. For instance, that the free democrats, the young democrats, and two parties of the current coalition would form a coalition. But this could only happen if the coalition partners made themselves palatable based on criteria formulated by the liberal parties.

[Kardos] Which coalition does independent representative Janos Denes consider to be realistic?

[Denes] It is not enough to win the election, one must also be able to create a king. We cannot risk a Christian national victory to be carried over again to the other camp by a mock leadership. Because this is what happened after the last election, and it was not the failure of the Hungarian Democratic Forum's anticatastrophe program. Wisdom requires us to reach the next elections smoothly, if possible. Political and social personalities who are loyal to the nation and to society are not divided along party lines. I know several personalities in the affinity of the Hungarian Socialist Party [MSZP] both in parliament and in society at large whom I consider to be individuals loyal to the nation and to society.

[Kardos] Ultimately, in your opinion, what kind of a coalition can be formed after the next election? Which parties can realistically coalesce? Is it conceivable that the present government coalition will become, as they say, unpalatable and must retire into the background?

[Denes] What the political persona of Jozsef Antall, who has become tactically alienated and is being carried on the opposition's shoulders, is able to achieve, we shall see in the next one or one and a half years. Because when I moved over to the independents on 20 November 1990, and said that Prime Minister Antall and his government failed, and the Antall government is only being floated, the Honorable House smiled. By now it is measurable that the Antall government is carried by the opposition, by secret diplomacy.

### It Would Mean Their Death

[Kardos] Independent representative Gabor Balogh sat earlier with the Christian Democratic People's Party, or rather with its parliamentary group. What is the coalition like that you imagine after the next election?

[Balogh] One thing is almost sure: It is not likely that the Socialists become a factor in the coalition, because this would mean their death in terms of the party.

[Kardos] Still, many people say that they will win the election, or at least they will be among the winners.

[Balogh] Yes, I also reckon they have a 20-25 percent chance. But they will form a parliamentary group of the size formed by the Association of Free Democrats [SZDSZ] today. Moreover, what appears very likely today is that the legitimacy of the MDF will decrease, to around 10 percent. Thus, we are left with the rest of them. A Western-style, liberal-Christian democratic coalition with a national line will be formed.

[Balogh] From this it can be calculated that in your opinion, the Christian Democrats, FIDESZ, and perhaps the SZDSZ will play a role in the coalition?

[Balogh] They, too, but not only they. I am also thinking here of the Agrarian Alliance, and also that the Republican

Party will come in. Also, that the SZDSZ-FIDESZ proportion will change to the advantage of FIDESZ. Thus, considering the current trend, FIDESZ will play a decisive role; at least the kind of role the Smallholders should have played in their time in the present coalition.

[Kardos] In your opinion, the MDF will not play a role in the new coalition?

[Balogh] I don't think it is likely, until the right wing of the MDF is cleared up.

[Kardos] What kind of coalition does Independent Representative Janos Palotas, chairman of the Republican Party, imagine after the 1994 election?

[Palotas] There is a political party working with us, the Agrarian Alliance, with which we entered into a coalition agreement. Beyond that, after the election, should the Republican Party win the election, the program of the Republican Party will be the decisive government program. For this program, of the parties in parliament today, the Association of Free Democrats, FIDESZ, the Christian Democratic People's Party, and also the Hungarian Socialist Party, can be considered as coalition partners.

#### "Excluded, Separated"

[Kardos] In short, you exclude only the MDF and the Smallholders?

[Palotas] For two different reasons. In the case of the Smallholders Party, our position today is that only a party to which society attributes a certain amount of earnestness and an ability to govern can be considered. In other words, where the everyday news is not "I excluded so-and-so, I separated from so-and-so, we quarreled, I took so-and-so back, I occupied headquarters." In other words, here, the image of the party must by all means be changed before it can be considered as a partner. The situation is different with the Hungarian Democratic Forum, which is the party forming the government today. I think that society either bestows confidence on the governing party after the election, and says that they proved themselves in the past four years, so they can prove themselves in another four, or it withdraws its confidence.

[Kardos] It is also conceivable—what is more, this is what is really conceivable—that the Republican Party is not certain to win the next election. How far is the Republican Party able to adapt its pragmatic program to a future coalition?

[Palotas] In that case, the Republican Party must examine the program of that party from the point of view of whether it can legitimate that program.

[Kardos] What do you think of a grand coalition?

[Palotas] If there is a grand coalition, everything can easily be achieved in parliament, and society is unable to build a dam or exercise control through an opposition force. History has not really proved grand coalitions to be right.

#### \* MDF Campaign Chief Szabo on Privatization, Elections

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[Interview with Tamas Szabo, election campaign chief of the Hungarian Democratic Forum and minister without portfolio in charge of privatization, by Andras B. Vagvolgyi; place and date not given: "I Am the Cleanup Man and Rear Guard for the MDF"]

[Text]

[Vagvolgyi] Do you feel like a winner in your struggle against the economic philosophy held by Mihaly Kupa?

[Szabo] I never ever pondered the question of victory, in contrast to the other person involved in this issue, who said a number of times that he had won again, that he was the winner. I think the issue here pertains to the steps that have been taken, and the ones that have not been taken.

[Vagvolgyi] Is it possible to name the top economic minister in the cabinet today?

[Szabo] The Hungarian constitutional system does not recognize the concept of a top economic minister. In today's Hungary the prime minister has an eminent political responsibility.

[Vagvolgyi] What is your judgment about your activities so far, particularly in light of the attempts you have made during the past several months? It is not too easy to find an unencumbered mass of assets, one that is still attractive to small investors with little means.

[Szabo] My initial endeavor was to have a clearer legal and institutional framework for privatization and state ownership evolve. The fact that this framework came about in mid-1992 represents a great achievement. Second, I regard as very important that the market structure get transformed in the wake of privatizing firms, or of a simple change in the form in which they operate. The market structure strengthens competition; no one ever disputed the overconcentrated factory structure in Hungary. For a long time, this competitive aspect—to have more competition in the marketplace—was not considered as part of directing the privatization process. And the third thing is that I regard any statement opposed to foreigners as terribly dangerous, such as voicing a need to foster Hungarian ownership.

Insofar as small investors are concerned, I regard as important that they have some kind of an opportunity to invest, and we should not discuss now whether this would work. The first thing is to enable them to enter this process. This is why I supported the E-Loans ["existential," small business loans], the leasing concept and the time payment system. From the standpoint of making this a peaceful process, it is also necessary to enable employees to join in. This is why we fought for the MRP (employee stockholder program—the editor). Quite obviously, a small-investor attitude should also be developed, because this is critical from the standpoint of the entire Hungarian money market. People do not think of the fundamental fact that their

savings can be used as capital. The small investor program focuses on these kinds of people.

[Vagvolgyi] Privatization involving authentic employee participation does not resolve the liquidity problems of firms, because no capital is being contributed. Could it be that based on the well-known, strict rules contained in the bankruptcy law, the larger part of a nonviable firm would become the property of workers?

[Szabo] I fully agree. Hungarian privatization has many traps and contradictions. This is one of the traps, and the situation you described requires not only a change in ownership, but also a renewal of technology, the market and the product. Product renewal requires money; the mere fact that a foreigner buys a firm does not produce money. Money appears when a foreigner not only buys a firm but also provides money for it. Actually, the trap is the contradiction between the bad liquidity conditions of firms and the demands placed by the state budget.

[Vagvolgyi] How could these traps be avoided?

[Szabo] These traps are based on the adverse condition of the economy. Illusions exist regarding MRP. Everyone should know that the MRP is an auxiliary, supplemental means that works if a strong owner manages the firm and is willing to invest. Along with this, a 22-percent ownership by workers is not disturbing, moreover, such ownership enhances peace at the workplace. Typically, the MRP was not designed for the purchase of the vegetable oil industry, because if employees bought that industry, there would be no one to manage the firm and to invest.

[Vagvolgyi] The ownership situation is rather confused in Hungary, moreover, it is not clear to whom one can turn regarding a given transaction.

[Szabo] No, it is not at all confusing. I regard as a fundamental value the fact that legal and institutional conditions for permanent or temporary ownership, and with that for the possibility to decide, have been established; Hungary is the only country in the East European region which clearly states that it wants to sell 100 percent of such and such enterprises (and these include 99 percent of all Hungarian enterprises), or that it wants to sell only part of some enterprises. We want to maintain a 25-percent ownership share in the banks. To be able to accurately identify the owner, to know with whom to negotiate is very important. There have been ugly, from the buyer's standpoint, bad situations, when the buyer could not find out with whom to talk, but this situation has been settled since 1992. From this standpoint the issues have been very accurately clarified.

[Vagvolgyi] Who is going to decide, and when can we expect a decision concerning the privatization of banks?

[Szabo] The state's ownership organization is going to decide, the organization to whom the banks' portfolios belong.

[Vagvolgyi] When?

[Szabo] When the time comes for that.

[Vagvolgyi] Based on what you just said, the time has not come yet.

[Szabo] Last April the government adopted a long-term privatization program. The first step in that program was the strengthening of banks and credit consolidation. As a second step some individual bank strategies are going to be prepared. Based on these there will be announcements, followed by decisions. We have reached the point where we plan to make an announcement regarding the first bank around August, or, let's say, during the second half of the year, and I hope that the first decision will be reached before the end of this year.

[Vagvolgyi] Is the Foreign Trade Bank going to be the first bank? I am asking this because bankers say that from their standpoint the passing of time did not at all serve to strengthen the banks.

[Szabo] We are not delayed in any respect, preparations to privatize the Foreign Trade Bank are proceeding according to the program.

[Vagvolgyi] Accordingly, with respect to bank privatization you do not see a reason for concern.

[Szabo] I believe that the privatization of Hungarian banks is going to greatly enhance the strengthening of the Hungarian banking sphere. In this instance we are not really talking about privatization in the classic sense of that term, but about capitalizing a bank, in terms of cash, human resources, management, and technology. Our bank privatization is not like the privatization of that bank in Mexico, where a very strong banking sphere existed, which the state actually sold for specific revenues, to reorganize its own budget.

[Vagvolgyi] Based on what you just said, I cannot see clearly whether we have truly appropriate grounds to talk about growth.

[Szabo] We have not even mentioned growth.

[Vagvolgyi] Does this mean that we are "viewing a period of positive stagnation," to quote the minister of industry?

[Szabo] Everyone has a good idea in this regard.

[Vagvolgyi] We were only talking about government officials.

[Szabo] Everyone mulled over this favorite utterance, at a time when nothing was mentioned about forced steps in order to achieve economic growth. Everyone began to scream, for goodness' sake, they are driving the country into unfounded growth!

[Vagvolgyi] I would like to return for a moment to the issue of bank privatization. Some rumors can be heard in the city about letting go several big banking executives, but this has not taken place. Was this issue raised at the conceptual level, or is this some kind of personnel policy tactic?

[Szabo] Are you sorry that it did not take place?

[Vagvolgyi] I am not sorry; I am asking this question.

[Szabo] And who were the ones who spread this rumor, the banking executives?

[Vagvolgyi] These rumors were floating around in the city.

[Szabo] In reality, this question pertains to the AVRt [State Property Management Corporation].

[Vagvolgyi] Accordingly, we should ask this question from the AVRt. AVU [State Property Agency] people say that you do interfere with individual privatization cases.

[Szabo] Are they saying such a thing?

[Vagvolgyi] That is what they are saying. They claim that the mechanism for this is a message via Mr. Slosar, indicating that you do not agree with the way a given case is being handled. In an overwhelming majority of the cases the staff feels that if the supervising minister disagrees with the matter, they are better off changing the situation in the process, before the case is presented to the Board of Directors. What is your comment regarding this view?

[Szabo] Whoever told you this has a rather confused view of the world. There is indeed a mechanism by which to interfere in such cases. This is not the minister's job. My philosophy is that my job calls for formulating frameworks and systems of rules, and within those, to permit everyone to pursue his own path, because it would be entirely absurd for the minister—one person—to do anything in regard to individual cases.

[Vagvolgyi] Is the AVU an authority, or is it not? If it is an authority, the workers at AVU are public officials. Some conflict-of-interest problems may result from this situation, relative to party membership, for example. If it is not an authority, how can the AVU provide guarantees that burden the budget?

[Szabo] This involves several questions. There is no conflict of interest insofar as a public official's party membership is concerned, party membership has not been prohibited by law. AVU's legal status is indeed special, but this special status is not surrounded by fog, but by a law that states that the AVU is an organization funded by the state budget, whose relationships are circumscribed in detail by law. Guarantees are one example. The law provides that the AVU may provide guarantees regarding the affairs of enterprises within its portfolio, provided that the finance minister and the minister in charge of privatization agree upon the mechanism for issuing such guarantees. Accordingly, an agreement between two ministers exists in this regard.

[Vagvolgyi] Tibor Pongracz is a titular state secretary, and you are a minister without portfolio. Don't you sense some constitutional problem in the fact that he is a titular state secretary without portfolio [as published]?

[Szabo] The way you phrased the question was obviously incorrect. Hungarian constitutionality prevented the title of titular state secretary for special tasks which require additional manpower, and to provide a way for a person to have that title.

[Vagvolgyi] From among the 350-member staff of AVU, including secretaries, about 120 people work at the transactions directorate. What are the functions of the remainder of 230 people? These people are obviously indispensable and important, and yet it seems that the number of surplus employees is too high.

[Szabo] Well, I will descend on Lajos Csepi to find out why he is employing so many superfluous people. The truth is that in late 1991, when everything appeared to be collapsing over AVU's head, this poor AVU worked with 120 people, while the National Bank had about 2,000 employees. At AVU the relationship between the magnitude of the task and the capacity was unrealistic, and therefore I was very happy when the government enabled me to improve all aspects of working conditions. Although I regard the present AVU team as well prepared, I often feel that it is unable to manage its tasks. It is probably impossible to invent a mechanism and to complete those in two years. As the workload decreases, we must submit a legislative proposal to parliament to change the present legal status of AVU, and to change it into an institution that is similar to a bank, an institution owned by someone. But the present condition of AVU must remain the same from the standpoint of public law until this onslaught of transformation and privatization, and much of the change in ownership is complete.

[Vagvolgyi] Inside this building rumors have it that you seldom come to the office nowadays. What do you do with your time?

[Szabo] Ask my associates. Look, the work schedule of a minister is as follows: Parliament has two plenary sessions each week, and it is appropriate—at a minimum it is appropriate—to be present at those. The economic cabinet meets on Wednesdays. The cabinet meets on Thursdays, and everything else is taken care of on Friday. I travel abroad as seldom as possible, but I travel throughout the country a great deal, this is a fact. Let me say this much about my work schedule: I was able to fit you in within three days.

[Vagvolgyi] How exactly did you become campaign chief?

[Szabo] Are people interested in that? I do not believe they are interested at all. In my view people are interested in whether we were really able to prepare the small-investor program nicely and well. Politics always seeks out a condition of excitement. You just did so, to enable you to shoot around in conjunction with that matter.

[Vagvolgyi] Would you express the same opinion to the party board?

[Szabo] It is my fixed view, of course, that political parties themselves harm themselves when they deal with issues which are not interesting at all to the everyday man.

[Vagvolgyi] In 1990 you had a real campaign chief, his name was Lajos Posze.

[Szabo] This is a huge error: The 1990 campaign was managed by Sandor Lezsak. Quite obviously, you would

not have made this statement, had this not occurred. Lajos Posze was indeed the campaign chief during a two-week period when Lajos Fur was the nominee for the post of President of the Republic.

[Vagvolgyi] Are the next elections going to be managed by Sandor Lezsak?

[Szabo] That's what the board decided. I was assigned by the board to perform certain work; they valued that work, expressed their thanks and accepted it. Thus the preparatory phase came to a conclusion. From here on the managing board is going to direct matters, and the staff is going to implement the technical details.

[Vagvolgyi] I heard somewhere that reelection of Mr. Posze at the Gambling Corporation annual meeting appeared to be certain, but then a call came from the cabinet meeting. They were told that the state did not think that Mr. Posze should continue to occupy his post. Is this true the way I stated it?

[Szabo] NEPSZAVA wrote this, if I recall correctly.

[Vagvolgyi] Perhaps.

[Szabo] That is how much this topic deserves.

[Vagvolgyi] A significant number of MDF interpellations were aimed at your work. How should I say this, party unity has floundered....

[Szabo] It was restored....

[Vagvolgyi] If anyone, you might have had a personal issue to settle with the supporters of Csurka, because it was your work that came under heavy attack. Not only by people like Istvan Balas or Lukacs Szabo, but also by the recently excluded Imre Korosi. Do you expect to see a reduction in the number of internal interpellations and in the tension related to privatization?

[Szabo] I am the cleanup man and rearguard of the MDF, this is my basic organization. I have felt this for a very long time, and I have been busy and have taken quite a few steps to resolve internal conflicts within the MDF, and I did so not on the basis of unprincipled compromises. But after a while I had to realize that such solutions did not exist. A certain group within the MDF has separated itself a long time ago. This became clear to everyone after a while, and at that point steps had to be taken. The fact is that the main front in this battle was drawn somewhere around privatization. This field demonstrated the front lines and the abysses in an entirely clear way. What were the clashing views? One view advocated that nothing should be done; let's exchange the people, kids! This is stated in the program, and my hair stands on its end when I hear this. The other view suggests that okay, this is a thing that requires much suffering, but we must remain tough in pursuing it, because otherwise there will be no constraint to compete, and consequently progress will not become more effective. We will not have money from abroad. Well, that's it. In other words, this is the great difference between the views that emerged relative to privatization. It is very regrettable that the process regarded as most important in the course of

economic transformation—the changing of the ownership structure—became a political football to this extent. Politics should be removed as far as possible from this matter; this involves a tough economic issue.

[Vagvolgyi] Are not things the way they are because this field attracts the greatest interest?

[Szabo] Yes, and I agree that all windows must be opened wide in this field, and everyone should be able to see everything one is allowed to see. These conditions have been fully met by now, at most the political sphere does not want to recognize this fact.

[Vagvolgyi] Was it necessary to exclude Elek and Debreczeni in order to allow this process to take place?

[Szabo] This involves a matter of conscience. Debreczeni and Elek made tactical and methodical mistakes, at the same time, however, their political value system carried the possibility of staid political discourse. I believe that the MDF parliamentary group should have been satisfied by accepting the gesture they made, i.e., that they did not want to stand in the way of unity, and would temporarily resign their party membership. I think that should have sufficed.

[Vagvolgyi] Whom do you feel close to in the great political and human tragedy that took place within the MDF at this time?

[Szabo] Hmmm. I do not want my answer to be misunderstood. I regard the prime minister of Hungary as a personality of historical proportion, and I also value him highly as a human being. But I would not want to be misunderstood. I am thinking about ever having had emotional ties with Istvan Csurka. I did have such ties. How could one avoid this when reading Csurka's writings at the age of 16, when he glittered and was lovable. And this is very interesting. It is interesting to experience ways in which one is able to detach himself emotionally from people. I recognized this reaction of detaching oneself from a person also in Jozsef Antall. There are such things, when political rationale must change situations like this.

[Vagvolgyi] Do you have any bitter feelings about joint steps taken by Lajos Fur and Sandor Lezsak, the definitive personalities in the MDF, which in the end resulted in your removal of the position as campaign chief?

[Szabo] No, I am unable to view this the way you said it. I enjoy a surprisingly close relationship of cooperation with them. Yours is not an appropriate interpretation of the situation.

#### **\* MDF, FIDESZ Building Transaction Raises Questions**

##### **\* TALLOZO Summary**

93CH0701A Budapest TALLOZO in Hungarian 3 Jun 93 p 1012

[Unattributed article: "Peddling Headquarters" (play on words)]

[Text] The newest issue in political life, which does not lack excitement as it is, was raised by real estate. NEPSZA-BADSAG and MAGYAR HIRLAP exploded the news according to which the Hungarian Democratic Forum [MDF] and the Alliance of Young Democrats [FIDESZ] acquired two valuable pieces of real estate last December, allegedly with a greater ground space than what the two parties would be entitled to for an allocation for headquarters over and above their existing property. However, the first of the two downtown buildings—the former Officers' Club in Vaci Street and a former office building on 3 Szechenyi Quay—was sold by the two owners to the Foreign Trade Bank on the very day the properties were registered. The public shows great concern about why the MDF and the FIDESZ received two headquarters as joint property. According to an MDF spokesman, the real estate deals were conducted properly in every respect. And the joint appearance of the two parties is only a "marriage of necessity." The Young Democrats declared in a statement: It is not true that the FIDESZ owns more real estate than what it is entitled to on the basis of the law and the six-party agreement. In this column, we print the information we obtained about the matter in chronological order. [text omitted by TALLOZO]

#### \* 'Scandal' Analyzed

93CH0701B Budapest TALLOZO in Hungarian 3 Jun 93 p 1020

[Article by Istvan Nehez-Posony: "Constructive Scandal" (play on words); reprinted from MAGYAR HIRLAP 29 May 93, page not given]

[Text] If a property has not one, but several owners, lawyers call it joint ownership.

Joint ownership is not an enviable position: It means that each owner is entitled to use the entire property, at least theoretically. In reality, of course, the use is divided: One room is mine, the other one is yours, and we take turns in going to the kitchen. Yes, but your room is bigger than mine, moreover, it has southern exposure, and a balcony, but I am also entitled to half of the property. In this way, there is a constant dispute between the owners about who pays how much of the common costs, and how much of the electric bill. A dispute can arise from use which exceeds the share in the property, and from many other issues. The disputes can escalate into lawsuits and animosity, and sooner or later each joint owner is trying to get rid of either his share of the property, or his partner.

In other words, joint ownership is not the answer to one's prayers even among private persons.

But what is different if a property happens to be jointly owned not by private persons, but by political parties? They will most probably not fight about electric bills or for the use of the bathroom. And in fact, they do not even have to, because the officers' club presumably has several bathrooms.

In parliament, the MDF and FIDESZ fight spectacular battles with each other. The Young Democrats accused the

MDF government of lying more than once, and the representatives of the government party were seemingly apprehensive of the outspoken youths. And although in the last few months one could perceive a certain rapprochement on the part of FIDESZ towards the MDF, their relationship could not at all be called unclouded. Then, as luck would have it, the government—belatedly, as in so many other things—saw that the time has come now to carry out the real estate allocation to the two parties on the basis of a 1991 law, and by circumventing a few less important regulations (for instance, land registry regulations), handed them two nice downtown properties, free of charge, as it is their due. Because individually the two buildings would not have satisfied the existing claims proportionately, the parties received both as joint property: the MDF somewhat more than half of both, and FIDESZ somewhat less than both.

And wonder of wonders! The two parties, which otherwise conduct such a different policy, on the basis of such different ideologies, come to an agreement within minutes to sell the property of the greater value. A solvent buyer (a bank) is found soon, and the land registry, which at other times is so overworked that it makes the citizens wait for a year and a half, this time registers the change of ownership with exemplary speed. Thus, the properties which were acquired free of charge and sold for billions brought not squabble, headache, and wrangling for the parties, but good, overvalued, almost convertible forints, which they can use well in the approaching election campaign.

To avoid misunderstanding: Far be it from me to dispute the legality of the allocation or the sale. The law, in this respect, was clear: The MDF was entitled to another 1799 square meters [m<sup>2</sup>] of real estate, and the FIDESZ, to another 1822 m<sup>2</sup>, over and above what they already own. Only a secret government ruling was needed in 1992 which put the two properties at the treasury's disposal, instead of that of the State Property Agency, and the claims could promptly be fulfilled in accordance with the law.

I repeat: I do not dispute legality. But law is a strange thing: One would expect it to be compatible with ethics. And if there is a legal political party which received property, if at all, only after lengthy wrangling (and there is such a party), then the entire deal is no longer ethical. And if we consider that according to the law, the MDF and FIDESZ are entitled to a net ground space, and therefore the auditorium and other internal areas unfit for offices do not count, and at the same time the other parties mentioned in the law are entitled to total ground space (i.e., including staircase and basement), then we can hardly speak of equal chances between the political parties.

When another party, which was also entitled to property, received a piece of real estate with a little less total ground space than it was entitled to only a year and a half after the legal deadline, and even in that property, the local organizations of the MDF and the Christian Democratic People's Party occupy some space, I cannot but regard the real estate deals in question to be unethical.

That the MDF agreed to this deal, I am not surprised. In the past two years, the governing party did everything in its power to urgently convert the political power it was granted into economic power, because political power is fleeting, while economic power does not cease after an eventual defeat in the election. But I am indignant at FIDESZ, because they were the ones who tried to convince the voters in 1990 with youthful charm that it is possible to do politics in a sympathetic and pure manner. It seems that the party of young people is getting older.

**\* Reopened Hungarian School in Berehove Seeks Aid**

93CH0706B Uzhhorod IGAZ SZO in Hungarian 22  
May 93 p 3

[Unattributed report: "Hungarian Secondary School in Berehove Has Found a Home"]

[Text] (From our correspondent) After remaining closed for nearly 50 years, the Hungarian secondary school in Beregszasz [Berehove] reopened two years ago. Lacking facilities to board and lodge its students, however, the school was able to perform its tasks only at the district [rayon] level. Classrooms for the school were provided temporarily in the building of the interschool educational complex. This year the school has outgrown those premises, and there would have been no room for the two first-year classes that are to start in the next school year.

After lengthy wrangling, a decision has finally been made in this matter. The two [Ukrainian] boarding schools in Beregszasz will be merged and will occupy the building of the No. 2 boarding school. And the building of the No. 1 boarding school, on Szolohegy [Vynohradnychna] Street, will be placed at the disposal of the [Hungarian] secondary school. According to Directive No. 118 of the Regional [Oblast] Educational Main Department, the building must be transferred to the secondary school by 1 July.

Istvan Udvardy, the secondary school's director, and his staff will not be having a relaxed vacation this summer! Even if the building is transferred by the specified date, two months will be too short a time to furnish classrooms that are suitable in every respect, as well as a computer room, a common room, and rooms for the resident students arriving from other localities. All this in a building that is rather neglected. The funds allocated for this purpose in the district budget seem inadequate. In other words, enterprises, farms and, last but not least, the various foundations will have to provide financial assistance.

Donations can be paid into the Beregszasz Hungarian Secondary School Foundation's account No. 1700950 with the Beregszasz Bank.

**\* TV Stations in Hungary, Transcarpathia Cooperate**

93CH0706A Uzhhorod IGAZ SZO in Hungarian 22  
May 93 p 1

[Unattributed interview with Gyula Rohaly, editor in chief of Uzhhorod Radio and Television's Hungarian

Department; place and date not given: "Uzhhorod Hungarian Television's Premiere in Hungary"]

[Text] Thanks to MTV-2 [Hungarian Television's Channel 2], the entire country was able to watch recently Ungvar [Uzhhorod] Television's premiere in Hungary. To find out how this program came about, we interviewed Gyula Rohaly, the editor in chief of Ungvar Radio and Television's Hungarian Department.

[Rohaly] It was last summer that the Pecs Regional Studio and the Hungarian editorial office of Ungvar Television agreed to host each other's programs on a regular basis. The studio in Pecs was the first to hold its premiere: on 9 December 1992, Ungvar Television broadcast a three and a half-hour program produced in Pecs. In turn, on 13 May of this year, Ungvar Television held its premiere via the studio in Pecs, for the TV audience of the Southern Transdanubian Region. After transmission in the afternoon and early evening time slots, moreover, the late-night rerun of our one and a half-hour cultural program was broadcast also by MTV-2. Naturally, also viewers in Subcarpathia [Transcarpathia] were able to watch that broadcast, but many of them missed it, because it was late at night. At the viewers' request, therefore, Ungvar Television will rerun the entire one and a half-hour program without editing, beginning at 18:00 on Monday, 14 May.

[IGAZ SZO] And what will the viewers be able to see on this program?

[Rohaly] A sketch of sculptress Anna Horvath; an interview with actress Olga Beregszaszi, a native of our region [oblast]; and an interesting feature will be a report on the fostering of traditions in Nagyberég [Bereh]. Viewers will also be able to become acquainted with a jack-of-all-trades from along the Tisza River's natural levee; he had even designed a seed drill in the 1940's.

[IGAZ SZO] Thank you for the information. We hope that our readers and other TV viewers will enjoy the program's rerun on Monday.

**\* Concerns About Frequency Allocation Law**

93CH0729D Budapest BESZELO in Hungarian 12 Jun  
93 pp 10-11

[Article by Akos Radvanyi: "The Management of Frequencies, and..."]

[Text]

**The Management of Frequencies, and...**

**...The Antecedents**

Law No. 55 of 1992 concerning the postal service, and Law No. 72 of 1992 on telecommunications were proclaimed on 29 June and 18 December 1992 respectively, but neither law took force.

On 31 December 1992 the Media Law failed to pass parliament.

On 22 January 1993 a ministerial decree introduced the concept of "studios not using public funds to cover their operating expenses." Thus we already have national and local public service, as well as national and local commercial radio and television.

Meanwhile the government withdrew its legislative proposal concerning the freedom of the press, and the National Assembly Committee on the Economy introduced amendments to the legislative proposal on frequency management. These amendments changed the spirit of the law somewhat; as a result of the amendments radio and television broadcasting came under the influence of the government.

On 22 April 1993 the government issued Determination No. 3158/1993 concerning the licensing and founding of independent radio and television broadcast studios of a local character. An interministerial committee, chaired by Gyorgy Fekete, was established to comment on petitions for studio licenses, to register the studios, and to verify that the studios operated pursuant to the licenses. Therefore it became politically important that the law on frequency management provide for the effective date of the postal service and telecommunications laws; those who introduced the law felt that the economic interests tied to giving force to the first two laws were strong enough to force parliament to adopt the latter law.

On 27 April 1993 the National Assembly adopted the frequency management law by 131 yeas votes, and two days later the government discontinued the frequency moratorium that has not existed from a practical standpoint anyway.

#### ...And the Freedom of the Press

The biggest flaw of the frequency management law is that while it leaves the state's monopoly essentially untouched, its licensing provisions ultimately scare away potential investors from Hungary. Since the legislature has failed to create a media law whose passage would have required a two-thirds majority vote, as well as a law concerning the freedom of the press, the frequency management law now governs both the licensing procedure and supervision, without providing elementary guarantees for the free expression of opinion and for the freedom of the press. The law does not provide guarantees against the government influencing the program content either. Broadcasting activities can be pursued only if one has a studio permit, concession, or service permit, a determination allocating a frequency, and a radio permit. The ministry is not obligated to issue a studio permit even if an applicant is the winner in the related competitive bidding. Although the issuance of a determination allocating a frequency is conditioned by possessing a studio permit, the licensee is not necessarily going to receive a frequency allocation. Radio permits can be obtained only if one has a legally valid determination allocating a frequency, but the law does not mandate the grant of a radio permit if one receives a frequency allocation. Accordingly, prospective broadcasters find themselves dependent on the discretion of the

authorities at four points, moreover, legal recourse exists only with respect to eliminating procedural mistakes.

#### ...The So-Called Special Conditions

Special measures that may be taken under extraordinary, or emergency conditions should be governed by a separate two-thirds law, and the National Defense Council, the president of the Republic, or the government should be able to put into effect such measures. Compared to this, a single sentence in the frequency management law grants authority to the minister of transportation, telecommunications and water resource management to temporarily restrict or discontinue radio telecommunication services—thus also radio broadcasting—under special conditions. This sentence violates the Constitution at least in five respects. It was included at the recommendation of the Ministry of Justice.

#### ...And the Constitutional Court

Before signing the law, the president of the Republic asked the Constitutional Court [AB] to comment. Quite naturally, we are unable to predict how the AB is going to respond to the 15 questions raised by the president, we can only refer to previous decisions handed down by the AB.

The right to freely express one's opinion plays an eminent role among all the basic constitutional rights, it actually is the "parent right" of all the so-called basic rights to communication. Among these rights the Constitution specifically and separately provides for the freedom of the press; this includes the freedom of all media (AB Decision No. 30 of 26 May 1992). It is the duty of the state to provide for conditions needed to enforce the basic rights (AB Decision No. 64 of 17 December 1991). Thus, in addition to guaranteeing the individual's subjective right to express his opinion, Paragraph 61 of the Constitution also establishes a duty for the state to provide conditions for the evolution and functioning of a democratic public opinion (AB Decision No. 30 of 26 May 1992).

The freedom of the press is guaranteed primarily by an absence of the state's interference with the substance of communications, while a democratic public opinion can evolve only on the basis of full and objective information. Accordingly, the Constitution expressly mandates the National Assembly to prevent, by law, the evolution of information monopolies (Constitution: Paragraph 61 Section (4); AB Decision No 37 of 10 June 1992).

The AB has declared several times that the peculiar guarantees of the freedom of radio and television broadcasting were not tied from the outset to either organizational criteria, or to legal forms of operation. Nevertheless, insofar as radio and television are concerned, the free expression of opinion must be guaranteed in detailed organizational criteria contained in legal provisions. The constitutionality of organizational criteria hinges on whether in theory, they enable the full, balanced, and true expression of opinions that prevail in society, and whether they permit the conveyance of unbiased information regarding events and facts of interest to the public.

The AB has stated on several occasions that at present no legal provisions to legally and organizationally support the right to free expression in radio and television exist. The lack of such rules has created an unconstitutional situation (AB Decisions No. 37 of 10 April 1992 and No. 17 of 19 March 1993). The AB specifically pointed out the fact that this unconstitutional situation could not be remedied by providing rules for some issue of detail; it could be remedied exclusively by creating a complete system of guarantees (AB Decisions No. 64 of 11 December 1992, and No. 17 of 19 March 1993).

Paragraph 61 Section (4) of the Constitution provides that the adoption of a law concerning the supervision of public service radio and television, the appointment of the leaders of public service radio and television, and the licensing of commercial radio and television stations are subject to the affirmative vote of two-thirds of the National Assembly representatives present. AB Decision No. 37 of 10 April 1992 separately underscored the fact that the enforcement of the basic rights to freely express one's opinion, and to the freedom of the press, were prevented by the absence of absolutely necessary regulations.

It should be obvious that parliament could not create all at once all the laws specified by the Constitution needed to discontinue the unconstitutional situation. At the same time, however, the viewpoint voiced by FIDESZ [Federation of Young Democrats] representatives and their experts is equally unacceptable: They claim that it is better to have an unconstitutional situation governed by law, than an unconstitutional situation not regulated by law.

#### ...The Government

As a result of the AB review of the frequency management law, the postal service and the telecommunications laws cannot take effect either until the AB target date of 1 July. One should be aware of the fact that about 850 mayors have promised to their voters that they would receive telephones by 1994. Twenty joint corporations were formed for this purpose as of early 1992, but local governments did not forward payments received from the populace to the firms involved in this developmental effort. They claim that these business organizations had to win concessionary awards, but the 21 concessionary bids cannot be evaluated before the telecommunications law takes effect.

Accordingly, it should be understandable why differences of opinion also exist with respect to the telecommunications law taking effect. Giving force to the telecommunications law at the earliest possible date is important from the standpoint of developing the country's infrastructure. The president of the Republic considered this fact when he proposed that the National Assembly adopt the postal service law and the telecommunications law separately. The government did not support the president's proposal, asserting that earlier legal provisions promulgated at lower levels would lose force as a result of the enactment of the

new laws, and that this would render impossible the performance of state functions relative to frequency management. The National Assembly Committee on Constitutional Law shares this view; it did not support the president's proposal to initiate general debate over the laws.

The truth is that the president's proposal would require action to repeal only the old postal service law. At the same time, it would provide for an unchanged enforcement of the International Telecommunications Agreement proclaimed under Decree with the Force of Law No. 18 of 1985, and of the related Radio, Telegraph, and Telephone rules and regulations, as well as of Council of Ministers Decree No. 128 of 19 December 1989 concerning the Frequency Management Institute, and KPM [expansion unknown] Decree No. 77 of 27 December 1973 providing rules and regulations for Radio and Television. Rules contained in these documents fully provide for the functions of the state and of the authorities regarding frequency management.

It is obvious that the government does not insist on maintaining the old postal service law in force because some lower level legal provisions would not have a "base of authority" without it, but because, not unlike the law on frequency management, the old postal service law provides broad decisionmaking authority for the government and grants a state monopoly to Antenna Hungaria, the one-man stock corporation wholly owned by the state.

#### ...We

And we can only hope that contrary to FIDESZ's viewpoint, we are going to have a greater choice than the one between the alternative principles offered: expediency or constitutionality.

#### \* 'Technical Insolvency' of Banks Explained, Disputed

##### \* HETI VILAGGAZDASAG View

93CH0692A Budapest HETI VILAGGAZDASAG in Hungarian 29 May 93 p 91

[Unattributed article: "100 = 80 = 40"]

[Text] Considerable commotion was created last week by an article that had appeared in the London Financial Times alleging that Hungary's banking system lacked sufficient reserves to write off the frozen assets it had tied up in various struggling firms, and that the Hungarian Credit Bank and the Commercial Bank, Inc. were "technically insolvent." This is nothing new. In fact, the experts tell us, it has become almost natural to see financial institutions operating without sufficient funds. After all, when the law on financial institutions was adopted at the end of 1991, it was the dogged persistence of top officials at the State Bank Control Authority (ABF) in standing up to the budget-deficit fears of Finance Minister Mihaly Kupa, who at the time dealt all the cards when it came to economic matters, that finally led to the inclusion in the law the notion that targeted bank reserves had to be raised to meet international norms, not immediately, of course, but over a

three-year period. The first year was 1992. Although anticipating the 1992 bankruptcy wave, then Minister Without Portfolio and later Head of the ABF Katalin Botos and her team were able, despite Mihaly Kupa's opposition, to lead a successful lobbying effort to move the promulgation date of the financial institutions legislation from 1 January 1992 back to 1 December 1991, thus allowing the financial institutions to convert some of their earnings during that year to reserves; of all the large state banks only the Budapest Bank put all of its profits toward that purpose, which almost cost President and General Manager Lajos Bokros his head for lacking loyalty toward the budget.

Finally the banks mustered up 50 billion forints in reserves going into last year. Unfortunately, by year's end it became clear that the Hungarian economic crisis had grown to such enormous proportions—shouldering 262 billion forints in so-called qualified claims—that already last year, it would have taken nearly 170 billion forints in targeted reserves to write off its credit losses. At that time the staff of the Ministry of Finance was instructed to come up with non-monetary solutions to address the banks' problems, for which they are being condemned on the basis of international studies. For on the ministry's urging the financial institutions did sell more than 100 billion forints worth of collectible assets to the state, thus they did not have to write off 100 billion forints in losses against targeted reserves which they had not even set aside yet. So in all, instead of 170 billion forints in targeted assets, it would have only taken 70 billion to cover qualified claims held by the banks at the end of 1992. Unfortunately they had not even come up with that much. When as part of the credit consolidation scheme the state decided to issue only 80 billion forints in bonds to cover 100 billion forints in claims, the 50 billion forints originally intended to be set aside as targeted reserves diminished to 30 billion right at the outset. In the auditors' judgement, however, the 80 billion forints in state securities were barely worth 40 billion, but the country is still expected to collectively scrape together the 100 billion forints needed to offset the banks' losses.

#### \* FIGYELO View

93CH0692B Budapest FIGYELO in Hungarian 27 May 93 p 7

[Article by S.E.: "Technical Insolvency; Bank Troubles or What?"]

[Text] We have had an actual bank scandal. It was sparked by an article written by the Budapest correspondent of the Financial Times citing data of unknown origin and questionable reliability from a World Bank study, and timed definitely to coincide with the general meetings of our large banks. At least one of those affected, the head of the Commercial Bank, Geza Lenk, did not think that the "affair" was worthy of much discussion in his speech at the general meeting last Friday. Others on the domestic financial scene, on the other hand, seem to have overreacted to the whole issue, vehemently rejecting the sensationalistic observation that most Hungarian banks, but the Commercial and Credit Bank [KHB] and the Hungarian Credit Bank [MHB] in particular, are, as the correspondent put it,

technically insolvent. This despite the fact that when asked by FIGYELO recently an expert of the World Bank commented that the experts were not surprised by the "news," which they had already known, that the Hungarian banks were suffering from significant shortages of capital, and that, especially in the long run, their stability was uncertain. At the same time, however, they were also aware of the fact that for a long time (probably until most recently) their biggest problem was not insolvency but surplus liquidity. But that, too, can happen if, perhaps precisely as a result of the above-mentioned article, depositors suddenly were to lose faith in our banks.

The facts, of course, are not very reassuring indeed. This is clear to the state, which is the country's largest proprietor responsible for ensuring that the financial system functions properly, as Peter Szolnok of the State Property Office, Inc. [AV, Inc.] also stressed at KHB's general meeting. This is why it moved last year to implement a credit consolidation plan and why it is continuing to prepare additional measures aimed at strengthening the large banks' financial situation. This statement may actually sound reassuring, but it is not, even though AV, Inc. deputy general manager also added that this year credit consolidation and the replenishing of banks with capital must occur simultaneously, combined with a reorganization of indebted enterprises. All of this indicates an admission that the bank system is incapable of financing the reorganization of the economy alone. There is still no admission, however, that the continued delaying of privatization in the banking sector has led to the gradual devaluation of the banks' net worth, which in turn also delays the privatization process, thus bringing the problem full circle.

Just how big the problems awaiting solution are can be clearly seen from the statistics pertaining to the KHB, but the final evaluation of the MHB's accounts is yet to come. The only way the Commercial Bank has been able—besides resorting to write-offs—to set aside the necessary risk-targeted reserves from its business revenues, was by putting itself into the red, showing 1,071 million forints in losses. After the credit consolidation at the end of 1992, the bank had 20.9 billion forints in qualified claims, which during the first quarter of this year already rose to 3.3 billion, and there is reason to fear that by the end of the year it will reach the same level where it had been prior to the credit consolidation. KHB's total targeted reserve requirement, on the basis of its qualified claims for 1992, amounts to 15.2 billion forints, of which they have only realized the minimum prescribed amount of 6.6 billion. So when some people talk about large deficits, and even a loss of capital, without revealing the formula they use to calculate their figures, they are probably also including in the balance the lack of risk-targeted reserves as prescribed by international accounting guidelines. The Hungarian financial institution law and the new accounting guidelines do allow the banks to spread out the generation of targeted reserves over a three-year period. So from this point of view it is not appropriate to talk about losses of capital, and it is also good to keep in mind that in the evaluation claims the only thing that matters is the inability to repay; the coverage behind the claim cannot be rated. Nevertheless, these kinds

of discrepancies in assessment and "surprises" could have been prevented had the financial institution law prescribed international audits as mandatory and presented model scenarios to illustrate the possible effects of the law.

In any case, the capital shortage problem must be urgently alleviated, and because the state is continuing to put off privatization, the banks are trying on their own to acquire supplemental capital: By working to obtain several billion forints in borrowed ancillary funds, they hope to improve their capital situation.

#### **\* Government Deliberates Credit Consolidation Bill**

*93CH0691A Budapest HETI VILAGGAZDASAG in Hungarian 29 May 93 pp 91-92*

[Article by Aniko Szanto: "Credit Consolidation Not Even Half-True"]

[Text] This week the government will start deliberating the Credit Consolidation Fund bill—a reverberation of the bungled 1992 credit consolidation attempt—and at the same time also outline the steps to be taken this year to stabilize the position of our banks.

Due to a lack of funds, last year's credit consolidation action wound down with nothing more than a few touched up bank balances to show, but as it later turned out the international auditors brought in to inspect the banks' books did not buy what they saw. They devalued all state securities issued to cover uncollectible debts, pointing out that the banks would later also be charged a 50-percent handling fee on all frozen assets they sold to the state. Thus the banks' situation did not improve enough even on paper to avoid having to receive a massive capital infusion aimed at strengthening their positions. This latter is all the more needed in view of the fact that the wave of enterprise bankruptcies that had rocked the very foundations of our financial institutions last year are not expected to relent this year either. The World Bank has offered to extend a loan to finance the action, announced Minister of Finance Ivan Szabo following his negotiations with international financial institutions.

As it is well known, the state has eased the banks' 1992 imbalance by relieving them of a total of 104 million forints worth of bad debts, which for the most part those financial institutions might as well have written off already because they had either already tried unsuccessfully for over a year to collect on them, or the indebted firm had already had liquidation proceedings initiated against it (HVG, 3 Apr 93). Under the terms of the proposed Credit Consolidation Fund bill these claims would be placed, lock, stock and barrel (including the loan amount and any accumulated interest) and free of charge, into a separate new state fund by the Hungarian Investment and Development Bank (MBFB), which heretofore has been in charge of managing them. The actual administration of the fund would be turned over to the State Development Institute (AFI), as explained by Gyula Takacsy at a conference last weekend in

Gyor of the MDF [Hungarian Democratic Forum] Economic Policy Committee. According to the experts, the administration of the accounts would involve the Fund working to sell them or transfer them to another company, naturally not at their listed value but at whatever the market estimates they are worth. And that, of course, depends on how viable the given indebted business is deemed to be.

The fact is that it would be difficult to find a firm with more experience than the AFI for this purpose, given the fact that for the past couple of decades this organization has been doing nothing other than preparing and paying out investment funds to the large state enterprises as prescribed in the national economic plans. And when problems arose concerning the repayment of those funds it submitted proposals to the state for the rescheduling of payments or the forgiving of loans. Until now, however, every one of these actions has required parliament's blessing. The Credit Consolidation Fund bill, on the other hand, would give the proposed fund unrestricted authority even to waive certain claims. Although given the fact that it is not parliament's job to make decisions regarding loans to individual enterprises, one can understand the arguments behind this proposal, experts feel that it is not the best solution to allow once again the fate of tens of billions of forints in state claims to be decided solely on the basis of an established routine. Incidentally, claims sold by the fund from this separate pool, according to the plan, would not have to be paid for in full upon purchase; the State Property Office, the State Property Management, Inc. or any of its subsidiaries would also be allowed to acquire them on installments. The government hopes that this way it can recoup some of its claims without having to hinder the privatization of a given debtor enterprise.

In any case, the 1992 credit consolidation effort is definitely to be blamed for separating, both in time and space, the crisis situation of the banks from the rehabilitation of the crisis-causing debtors. Only six months after the bank consolidation can attention be given to firms already in trouble (once parliament passes the Credit Consolidation Fund law), even though it is clear that the only way to stabilize the situation of the banks is by tying this aim in with the so called reorganization of indebted firms.

It is all a question of money, some insist: If the World Bank were willing, as Minister of Finance Ivan Szabo has put it, to extend a loan that would allow banks to write off their losses while continuing to be able to lend money to their creditworthy customers, then conceivably we could stop the continuing recession of our domestic economy.

Supposedly, experts visiting here from international financial institutions have suggested—and various state offices are presently working to clarify this—to try boosting the large state banks' supply of capital to the point where their so-called capital correlation index is at least 4 percent. (In simplified terms this index would show that the banks total assets amount to at least 4 percent of its risk-factor weighed total investments, i.e., loans, securities, real estate holdings.) Even after this is done, however, the existing differences among the various financial institutions must be

retained—warn the foreign experts—for otherwise the distinction will become blurred between what the banks have been doing well and what they are doing poorly. Moreover, according to the proposal, bank managers in the future could be evaluated on the basis of the percentage by which their bank's assets have dissipated as a result of losses they have written off. Thus it would also be in the financial institutions' best interest to assist in the stabilization of indebted firms, for otherwise they would sooner or later end up on the brink of ruin.

As for an actual solution proposal: The capital supply of financial institutions could be enhanced in two ways if the World Bank agreed to extend credit to the state for this purpose. On the one hand, the money could be used to build up the banks' fixed assets, even by offering the banks state bonds as payment for their newly issued stocks in the hope that the new improved banks will bring enough into the state coffers, through privatization and by operating continuously, to be able to repay the World Bank loan. The other possible solution would be for the state to give the banks a loan without them increasing their fixed assets, by simply passing on to them the risks involved in repaying foreign loans. (The law governing financial institutions allows any loan repayable in 10 years or more to be treated

as a so-called subordinate loan, which "behaves" almost like a fixed asset. In other words, if the bank declares bankruptcy the state which extended the loan would get its money after all creditors have been paid, but before the owners got their share.) Although the first option is supported by the fact that banks awaiting privatization are less desirable when laden with debts than when fattened up with fixed assets, one must still wonder whether or not the banks propped up in this manner will be worth so much more that it would be worth it for the state to immediately accept sole responsibility for repaying the international loan. Moreover, commercial bank managers still have not gotten over the recent shock of watching the auditors substantially down-value the state bonds they had received under the 1992 credit consolidation program. Hence instead of boosting their fixed assets, many banks would prefer the "subordinate loan" option. Incidentally, in this case this would also be the better solution for the budget, some bank experts have argued, as it would be making regular interest payments to the banks on the state bonds to be issued—naturally in the hope of future profits—whereas if the state were to give banks loans repayable in 10 years or more then their interest payments would only bloat the budget.

**\* Parties Emphasize Role of Leaders in Elections**  
93EP0289B Warsaw *RZECZPOSPOLITA* in Polish 11  
Jun 93 pp 1-2

[Article by Aleksandra Fandrejewska and Eliza Olczyk:  
"Election Locomotives"]

[Text] Each party has its standard-bearing politician. One does not have to put his party membership by his name because everyone knows which group he represents. Those individuals will surely head the election lists. Some parties have several such leaders, and for them the question of who will be in the first position, the privileged place, arises.

**There Is Not Much Time**

The party or coalition election committees must put up at least three candidates in a district. The maximum list can include twice as many candidates as there are seats in a given district.

The majority of groups intends to put up a full list equal to the number of seats to be distributed. Each vote made for a representative of the party, even if the last one does not win a seat, works for the entire party, and it is known that only those parties that win more than 5 percent of the votes in the entire nation will get into parliament.

The district lists of candidates for the Sejm must be submitted no later than 40 days before election day. Thus, the parties have until 10 August 1993.

As in 1991, we will elect 391 candidates from the district lists and 69 from the national lists. The makeup of the second list must be presented no later than 20 days before the elections. It must contain at least 69 candidates, and each of them must be registered in a specific election district.

Personalization, or voting for a specific individual, makes it possible for an individual from the bottom of the list to jump over the other candidates and win a seat, thanks to the votes of voters. On the other hand, a party can receive more seats than it received votes. Then the distribution of the additional seats follows according to the list. Thus, individuals at the beginning of the list have a greater chance of getting into parliament than individuals from the bottom of the list. As a result, negotiations for a place on the list are in a sense negotiations for a seat in parliament.

**No Places for Amateurs**

Jacek Merkel, who is conducting the campaign of the liberals, does not doubt that the leader of the national list will be Jan Krzysztof Bielecki. It is certain that he will also head the list of the Warsaw liberals. In Gdansk, the name of Donald Tusk will open the list. Jan Pamula will head the list in Bielsko-Biala, and Grzegorz Schetyna in Wroclaw. Tomasz Bankowski, formerly a member of the Polish Beer Lovers Party (PPPP), will lead the list in Sosnowiec.

Jacek Merkel himself will be a candidate in Szczecin in spite of the fact that, in the previous parliament, his district

was in Wloclawek. The congress decided that it would be better for the party if Merkel headed the Szczecin list.

"Elections are not an individual game," says Jacek Merkel. "One must be part of the team. Besides, the time for amateurs has already passed. We have hired the professional firm of Saatchi & Saatchi, which ran the campaign for Mary Robinson in Ireland. We want the visage of the Liberal-Democratic Congress (KLD) and our program to reach the voters."

**First an Alliance**

Krzysztof Tchorzewski, the head of the Election Office of Center Accord (PC), is able to mention only one sure candidate, Jaroslaw Kaczynski, the group's leader. He will certainly head the national list. As regards the other candidates, it is hard to say. Center Accord is in the process of negotiating with Peasant Accord (PL) and the Movement for the Republic (RdR) to form one center-right electoral bloc. The number of candidates thus depends on the eventual agreements with their allies.

The PC intends to put up many new people known in local areas—for example, from their local-government work. The decision regarding the order of names on the lists will be made by local party election committees.

The RdR also cannot talk yet about its candidates for deputy and their order on the election lists. It is known that Jan Olszewski and Antoni Macierewicz will occupy the highest positions on the national list. The rest depends on the results of the negotiations on the formation of an election bloc. In the opinion of Andrzej Anusz, who is responsible for the party's election campaign, there should not be any great tensions between the RdR and the PC as regards the candidates in the districts. The RdR was formed from a part of the PC. The division of the districts will be made in a natural manner. The PL, however, can help the election bloc in rural areas. It seems then that an alliance is useful to all three groups.

**The Disputes Repeat**

Andrzej Machowski, the secretary general of the Democratic Union (UD), lists three party leaders—Tadeusz Mazowiecki, Hanna Suchocka, and Bronislaw Geremek. Which of them will lead the national list is still not known. There is no doubt, however, that those three individuals are the party's calling card.

"I expect disputes concerning the order on the lists," says Machowski. "They occurred in 1991 and will probably appear again during these elections. The UD intends to change its strategy for distributing candidates somewhat during this campaign. It wants to put at least one individual known for his activities, a so-called locomotive, in each district to pull the entire list. In the case of the order on the lists, regional conventions of the UD will have the deciding vote."

**Number-One Is Certain**

Leszek Moczulski is number-one on the national list prepared by the Confederation for an Independent Poland (KPN). "That is the only certain information I can give you," said Michal Janiszewski, head of the election campaign for the KPN. The party will offer 500-550 candidates. The national list is earmarked for members of the highest party circles: "The party leaders should be in parliament, that is obvious. And the national list will prevent such misunderstandings as those between the Executive Committee of NSZZ Solidarity and the Solidarity Parliamentary Club.

**We Have Enough Candidates**

The Alliance of the Democratic Left (SLD) has not yet considered the order of candidates on the election lists.

There will be 391 on the district lists and 69 on the national list. "The SLD is an alliance of several parties; there will be people from various organizations on the lists. We have enough candidates," said Jozef Oleksy, without fear of disputes due to personal ambitions. "But setting the order will require some agreements," he added. "We do not follow a personal order but seek to ensure expert representation in parliament."

**They Have Proved Themselves**

"The Polish Peasant Party (PSL) will want to put up more than 700 candidates," said Michal Strak. Waldemar Pawlak will head the national list. The leaders on the district lists will probably be those who took first or second place in previous elections and those who have done well in particular regions, although they were not elected.

**\* Disruption of Newspaper Distribution,  
Harassment Charged**

93BA1147A Bucharest ROMANIAI MAGYAR SZO in  
Hungarian 5-6 Jun 93 p 1

[Editorial by Lajos Sike, a member of the ROMANIAI MAGYAR SZO editorial board: "Be Vigilant, Comrades!"]

[Text] Our newspaper is being harassed. This has been done before, but perhaps not quite this blatantly. We keep hearing from several places that issues under subscription got lost, that the sack with the papers did not arrive, or arrived somewhere else—where we have no readers. At least once a week, Szatmarnemeti [Satu Mare] does not receive the amount they ordered and subscribed to. 200 copies of the 21 May, Friday issue got lost somehow or other between Bucharest and Szatmar, and of the 25 May, Tuesday issue, 400 copies were expected in vain by the readers. We can only guess at the reasons, but it is a fact that the powers that be are angry with us. Why? Because we are not writing according to their taste! We dare to explain the president's statements, question his claims concerning our fate, and we do not consider our situation nearly as good as those at the steering column would like Europe and the world to believe; among other things, we publicized the fact that the petition of the Bolyai Society lay hidden in the president's office for a while.

Of course, we are not the only ones being harassed, but so is every respectable opposition paper which is taken seriously by the readers and which is being observed abroad, as well, the papers which are frequently cited by the BBC, Radio Free Europe, or Hungarian Television and Radio Kossuth [Hungarian radio station], because their articles and exposures are regarded as dependable. It was primarily for similar reasons that ROMANIA LIBERA and EVENIMENTUL ZILEI got into trouble with the authorities.

But it is not only the press that the authorities distinguish with their vigilance. We encounter with increasing frequency that more and more state institutions, created to take care of professional matters exclusively, have been dealing with ideology for a while. Let us only think of our customs officers. It happened to me, too, at Ermihalyfalva [Valea lui Mihai—border crossing] that an older uniformed man, seeing that I was a *bozgor* [insulting Romanian name for Hungarians], inquired what I had in the two envelopes with me, and then sternly lectured me to make sure that it was nothing subversive! It has become almost customary at the border to be asked about our profession, destination, and foreign partners. Especially if we end up only here, at the little neighbors. And if we bring something from the direction of Kiskunmadaras and Baktaloranthaza [towns in Hungary], then other organizations and state institutions are also remarkably interested in it. That is to say, ideologically, as well.

Recently, I visited a commercial establishment in Nagykaroly [Carei]. The firm was just being examined very closely by customs officials. One of them did not like the fact that the firm bought cardboard packaging materials

from Hungary, "of all places." Why from there of all places? And really, why didn't they buy them from China, when the country has always had such good relations with China? What do the extra 15-20,000 km mean between friends? Between friends, a hundredfold increase in transportation costs, and with it, complete bankruptcy, is worth it, isn't it?

Another matter. I was told about this recently by the director of the entertainment agency which engaged Rezzo Soltesz, the excellent Hungarian singer, for a Transylvanian tour: One of the customs officials asked him why he did not engage a Romanian singer from Bucharest instead, why he did not organize a tour for him. It probably never occurred to the official that there were other agencies, as well, and that, most of all, in Transylvania there was a fairly large segment of the audience who wanted to hear Rezzo Soltesz, Zsuzsa Koncz, or Zoran, of all people! Let all those who cannot get rid of the idea of a homogeneous audience, implanted in them during the Ceausescu-era, finally realize this!

We could also mention to what extent ideology—namely, the above-mentioned old kind—is present in the school inspectorates, the chambers of commerce, the police, and so on. Of course, primarily in counties and towns with a mixed population, because from the authorities' point of view, that is where revolutionary vigilance, emphasized so much by comrade Lenin, is most necessary. We are being watched by vigilant eyes: Why do Hungarians want to learn in Hungarian; why do they want to establish small businesses; what do they want land and tractors for, and why do they sing if they happen to be a little happy, and why do they curse when they are hurt and harassed?

In some offices and state institutions, one might as well post (again): Be vigilant, comrades!

**\* Ethnic Hungarians Charged With Possessing  
Weapons**

93BA1144A Bucharest ROMANIAI MAGYAR SZO in  
Hungarian 10 Jun 93 pp 1, 3

[Article by Andras B. Kovacs: "Will the Black Car Come Again? Hiding Weapons in Malnasfalu"]

[Excerpts] It is a sunny Sunday afternoon in Malnasfalu [Romanian name not known], a village of 600 souls, the peace of which had been disrupted for three weeks by terrible anxiety and fear: For three weeks, dozens of people had been taken by the police to Sepsiszentgyorgy [Sfintu Gheorghe] to be interrogated. In the end, a few over 10 remain under suspicion in the investigation in the matter of the weapons, and eight of them are in custody, together with the two people arrested in Buksad [Romanian name not known].

A few haywagons roll down the road; here and there, people cut the grass with scythes, or work in the gardens; elsewhere, the grass grows up to one's waist, and there are potato patches everywhere. Nature graciously acknowledges the heat following the plentiful rain. In front of the inn, a few men are drinking their beers outside, sitting on

the stones; the children are gathering in front of the Calvinist rectory for religious school.

I am walking around in the village; as I visit a few houses and talk to people in the street, this is what I hear about the mood of the public: "Maybe it is over, the black car hasn't been here for a few days." "The ones on the outside are beginning to calm down; the only trouble is that half the village is related to the ones in custody." "What did they need the weapons for? Many of them live at the edge of the forest, and they probably took the opportunity to shoot game on occasion." "The way it started was that after a fracas at the inn, they threatened each other; watch what you get when they find out you have a weapon!" "It cannot have a political reason, but rather that several of them were beaters at official hunts and it seems that they took a fancy to weapons, too. A real shotgun and a permit? Oh, no, sir, that has an exorbitant price nowadays! What is left is a do-it-yourself gun...." "Except for one or two of them, they are all good, honest men. Two of them even have three children at home.... There is a big sorrow."

The Reverend Bacș is coming home from the neighboring Mikoufală, where he also holds services.

"Look, in this case one perhaps shouldn't even talk about poaching. The damage done by wild animals is incredibly great, and, you see, people just started to have their own farms again. In the area called Vagas, which is the most fertile part of the fields around the village, last year the deer ate all the mangelwurzel; hardly anything was left. Bears come in here; one of them destroyed the neighbor's apiary. Thus, the protection of the produce is unsolvable.... Moreover, almost every one of the men in custody were known as honest people in the village." [passage omitted]

And here follows the account of Ferenc Kolcz's wife about what happened to them. The quick-witted woman, although she was deeply shaken by the tragedy, went perhaps the furthest in conquering the paralyzing fear. However, frequently even this is not enough. Her husband's case is more than upsetting.

"One day, at the edge of the village, the black car stopped next to us. Since then, everyone is fearfully asking, oh, dear, who could the black car be coming for? But back then, we didn't know what was going on. The policemen motioned to my husband to get into the car; I wasn't suspicious, because, you see, he used to be in the militia; he was sent into retirement before 1989, because one winter he fell on his back and hit his head so badly and there was such a deep wound on his head that he had to have surgery. In Brasso [Brasov]. Surgically he recovered, but his speech remained disturbed; he had to be constantly on medication, and so he was sent into retirement on account of disability. Did he have many enemies in the village as a member of the militia? You can ask others, too, because he wasn't that kind of militiaman; besides, he wasn't stationed here, but in Sepsiszentgyörgy. But let me get back to the black car. The

old colleagues took him with them, and I went, unsuspecting, to the store where I work. When I got home, I saw that the door to the armoire was wide open. While I was away, they brought my husband home and searched the house; they were looking for a weapon with some kind of an instrument. Look, they found this toy gun, that you can still buy in any store; he still had it from his childhood. They took him in again, then again back home, and demanded that he hand over a revolver and a shotgun. We have been together for nine years, but I haven't seen him have anything like that. Worn out? Well, my husband was very nervous. This is the way it went on for a week; they kept taking him back and forth; one night, they kept him in there, and he caught a bad cold in the cell. He had a bleeding ulcer; he had had surgery, and half of his stomach was removed. He has to take care of himself. He kept saying that he had nothing to confess. Then, on a Tuesday, they brought him home again—I happened to be visiting my mother in the next village; she sent for me because she heard that I had also been arrested—and they started digging around the garage and in the yard. I can show you the traces. I come home at four in the afternoon, and there they are digging and shoveling away, looking for weapons with that instrument (metal detector). I'll tell you what they found: A few rusty bullets, for weapons from 1918, a rusty sword, and a rusty bayonet-socket. That's all. Since then, I haven't seen him. The postmistress held back his pension, too, and by the time I brought the authorization approved by the public prosecutor that I can collect it because my husband is only in investigative custody, she had already sent it back to the bank. I was left all alone with two little girls."

"I tried to take him clean underwear and a package. Vidianu Sorin, the attorney I hired, visited him. They took my husband's medical papers from me, but they didn't show them to the attorney. When I went for the second time with a package and the public prosecutor's permit, the warden was very arrogant to me and said that this paper wasn't worth anything. At least take the medicine, I asked, because he has some pills he has to take twice a day, otherwise his head hurts. And a liter of acidulous water. He kicked me out; he couldn't, he said, because there was enough water there. You know, his former colleagues there turn their heads the other way when they meet; I don't know where I should turn. Here is the medicine I paid 3,000 lei for, but I can only give it to him on 12 June, they said."

I am astonished at this. I cannot imagine a sick man to be interrogated for weeks without being able to take his medicines in the meantime. His wife said he had frequent speech disorders after his accident. He is a man experienced with weapons, to whom, after the mass arrests, a greater role could be assigned in a collective trial. Somehow, I cannot imagine that he was not allowed to take his medicines....

Our latest news of this morning about the weapon hiders is not at all reassuring. In its decision of 7 June, the county public prosecutor's office, waiving its competence, transferred the case to the competence of the Kolozsvár [Cluj]

military prosecutor's office. The matter caused great consternation at the local court where, based on the previous petition by the police superintendent, they were just getting ready to deal with the case. The county public prosecutor cited an article of a new, 1992 law, according to which if the case involves a "large amount" of guns and ammunition, it must be transferred to a military prosecutor's office. Yes, but who will say how much is much and how much is little? This is what lawyers think the weakness of the law is. If in

our case the "simple" charge remains, that of illegal possession of weapons, poaching, and the preparation of homemade weapons, those who are found guilty can be sentenced to two to five years in prison. But what happens if it doesn't stick? According to representatives of LADO [League for the Defense of Human Rights], who compiled a report based on their investigation (see in a forthcoming issue), in Malnasfalu and Buksad one cannot talk about a "large amount" of shotguns and ammunition.

### \* Kniazko Describes His New Party

93CH0714A Prague RUDE PRAVO in Czech 7 Jun 93  
pp 1, 9

[Interview with Milan Kniazko, former Slovak minister of foreign affairs, by Katerina Perknerova; place and date not given: "I Never Identified the HZDS With Meciar"]

[Text] Having left the HZDS [Movement for a Democratic Slovakia], M. Kniazko, the Slovak former minister of foreign affairs, is founding the Alliance of Democrats in the Slovak Republic. The founding meeting of the new party is to take place on 26 June.

[Perknerova] In which direction will your party lean?

[Kniazko] It will be a right-of-center party, inspired by liberal thinking.

[Perknerova] What membership base do you expect to begin with?

[Kniazko] What does "to begin with" mean? Someone has to be the first member. Then there will be a process whereby we will acquire additional members, primarily among people who do not identify with any political party at this time; and the latter make up more than 49 percent in Slovakia right now. It is difficult to talk about the extent of the membership base at this time. But, if we assume that the Slovak Republic is comparable to countries such as Hungary in practically all spheres, the possibility that we will assume a political position similar to the FIDESZ [Federation of Young Democrats] in Hungary cannot be eliminated.

[Perknerova] Every political party needs to have considerable financial resources. Do you have them?

[Kniazko] There is great interest in membership in the Alliance of Democrats and in supporting it on various levels of the population. People have started to collect money, and therefore we are already receiving financial donations, which will help us to start working professionally both in political life and directly in parliament. Then, after winning the elections, we will, after all, also receive something from the state.

[Perknerova] How many delegates do you have in parliament?

[Kniazko] At the moment, there are eight of us, but the process during which this club will expand is far from over.

[Perknerova] So you will be looking for your first members primarily in the HZDS?

[Kniazko] There is another way to phrase that: The HZDS members will come to us to seek proper, professional, and responsible work.

[Perknerova] With which political entities will you be cooperating?

[Kniazko] We will seek cooperation with all parliamentary and extraparlimentary parties because the Alliance is to

become one of the truly cooperative political entities. Its basic principle should be that the definition of Slovakia's state interests will take priority over purely party interests.

[Perknerova] You parted vociferously and sharply with the chairman of the HZDS, Prime Minister Meciar. But not long ago it was you who helped him get into office. How do you perceive that now?

[Kniazko] I believe that it is a model situation, which we know well from political literature or the theory of revolution vs. state. That is what often ultimately happens with similar types of people. It is not the first time a Vladimir has behaved this way.

[Perknerova] Do you mean to say that you would not have left the HZDS had it not been for V. Meciar?

[Kniazko] I have never identified the HZDS with the person of Meciar, or, rather, Meciar has never totally overshadowed the HZDS for me, a party I cofounded and with many of whose former members I get on well. I am convinced that the direction the HZDS took at the time it was founded was correct. However, as often happens with movements—and a similar thing happened with the VPN [Public Against Violence]—not even the HZDS avoided a fundamental, though understandable, mistake. A specific purpose, whether it was a matter of overthrowing totalitarianism or, in the HZDS's case, victory in the elections, united various people, who sometimes had totally divergent opinions; and that can only last for a limited time. I believe that there were and still are people in the HZDS on whom one must rely for civilized political activities and who will succeed in overcoming the provincial shortcomings we did not avoid in the past.

[Perknerova] Even if I overlook your expedient declaration of last year that there was no danger of the HZDS's breaking up, I cannot ignore another fact. You are founding a right-of-center party, yet you were one of the sharpest critics of Klaus's rightist economic reform in the preelection campaign. How do you equate the two?

[Kniazko] I have already stated that our party has been inspired by liberal thinking, and I do not think that that is quite true in relation to the ODS [Civic Democratic Party].

[Perknerova] So which political entity on the Czech stage conforms with your ideas?

[Kniazko] At this time, I would not like to name any specific parties from the Czech political spectrum because I believe that the liberal current of opinion there is in the process of seeking its place, or, rather, that it is not as clear-cut as it should be in this situation.

[Perknerova] Your party cannot get by without clearly defining the economic program because the latter is fundamental for the future of Slovakia.

[Kniazko] That is a topic for debate and not only for one party. At this time, Slovakia has similar parameters as Hungary, Poland, or the Czech lands, and it is not by chance that those very countries are forming certain kinds of transitional groups to achieve basic goals. At this time,

no party can get by without an economic program, which, on the one hand, will support the creation of the private sector, an area where primarily small and mid-sized entrepreneurs can transact business, and an inflow of foreign capital and, on the other, deal with social problems. Therefore, it is a matter of setting priorities, apportionment, and time sequence. After the Alliance has been founded, we will talk about all of these issues on the basis of analyses done by our club.

[Perknerova] Speaking generally, a third path, yes or no?

[Kniazko] At this time, only one person in Slovakia represents the third path, with all of his usual blunders, a person I do not take seriously; thus, I also do not take dreams about a third path seriously. I think there have been enough experiments in that area.

[Perknerova] Therefore, do you prefer moving in the direction of a classic West European type of social market economy?

[Kniazko] From a foreign policy point of view, we will try to ensure that Slovakia becomes an integral part of Western democracy, market, culture, and security systems; as such, it will then be able to work well with the former countries of the Soviet Union as well as with other postcommunist countries. But we will certainly not support any kind of third path in that direction.

[Perknerova] What is your position on the issue of reforming the existing government or calling for premature parliamentary elections?

[Kniazko] From a short-term point of view, I believe it is a political necessity to establish a government that will be supported by the citizens. It is impossible for anyone who has only 15-percent support to resolve the serious problems in our country. Or, if he can, it will be for only a very limited time. Therefore, I believe that a broader government coalition will be formed. On the other hand, it is primarily some of those who are in government now who call for premature elections. Perhaps they want to avoid responsibility for the approaching bankruptcies, devaluation, and general disillusionment about the discrepancy between frivolous, unconsidered promises and their fulfillment.

[Perknerova] As you are the former minister of foreign affairs, I have to ask what you think about the present Czecho-Slovak relations—above all, in relation to the division of federal assets.

[Kniazko] Allow me to avoid going into details such as the flag, the CSA [Czechoslovak Airlines], shipping, know-how, and other secondary issues like who owes what to whom because that would set in motion a process that would have such damaging results that neither side would be able to enumerate them. As a result, I consider any ideas about superzeros or other piled-up zeros to be a political game, which deflects the attention of the citizens from the real problems. We must realize that, if we wish to lay the basis for good bilateral relations, we must tell ourselves that no one owes anything to anyone. No billions, neither 24.7

billion Czech korunas, nor the fairy-tale \$47 billion dollars, nor any other stories or myths about mutual debts will lay a good foundation for future relations, and the latter are priceless for us—we need them. So, in the interests of both parties, let us agree that we are even.

[Perknerova] But, if you say that we need to declare that we do not owe each other anything, you support making a clean break in regard to all federal assets—in other words, Klaus's superzero.

[Kniazko] If that is so, I support making such a break. But that can be stated more understandably without holding discussions on this topic, visiting ambassadors and villas in Brno, or again starting to travel around castles and palaces, of which we have an abundance in Bohemia, Moravia, and Slovakia. They are very beautiful, but they should be left to the tourists and not to the politicians.

#### \* Carnogursky on Situation of His Party

93CH0713C Bratislava SME in Slovak 3 Jun 93 p 4

[Interview with Jan Carnogursky, chairman of the Christian Democratic Union, by Miroslav Wlachovsky; place and date not given: "Believers, Nonbelievers, and Politics"]

[Text] *The post-November "big bang" gave birth to the primal matter. After that, a couple of supernovas exploded, comets flew by, and the cemetery of the universe already has its white dwarfs and black holes. The sun is one of the premier stars as far as size and fate is concerned. People are alive, thanks to the fact that it burns with a steady intensity at a safe distance. Do we also already have some fixed stars in the political sky?*

[Wlachovsky] Mr. Chairman, what, in your opinion, are the characteristic features of a right-wing party?

[Carnogursky] A right-wing party places emphasis on the rights and capabilities of individuals, and to them, the rights and opportunities of the collective, organization, or state are secondary. A rightist party is for the least possible state regulation, while a leftist party rather has the tendency to expand the circle of state regulations. A right-wing party is for a free market, and a left-wing party favors planning in its most various forms. The conservative part of the right-wing parties is, furthermore, in favor of maintaining traditions and gives high priority to the family as the basic social unit and, as a rule, also to religion. It is possible to say of the left-wing parties, with a certain degree of oversimplification, that they give priority to just the opposite.

[Wlachovsky] How do you evaluate the current position of the KDH [Christian Democratic Movement] on the political scene in Slovakia?

[Carnogursky] The KDH is the sole thoroughly oppositional party in Slovakia. It has a broad and stable membership base. Actually, there are only two parties in Slovakia with an existing membership base throughout Slovakia, and those are the KDH and the SDL [Party of the Democratic Left]. The fact is that the popularity of the HZDS [Movement for a Democratic Slovakia] as well as that of

Prime Minister Meciar is declining sharply, but the popularity of other parties, including the KDH, is rising relative to that.

[Wlachovsky] How do you explain that?

[Carnogursky] As far as the KDH is concerned, there are several reasons, but one of them to which I attach considerable weight consists of the fact that the KDH is not spreading populist slogans—in other words, it represents a collection of ideological, political, and moral principles, which are not always comfortable for people to uphold.

[Wlachovsky] Do people vote for a party on the basis of how it suits them from the standpoint of their comfort?

[Carnogursky] Also that.

[Wlachovsky] In the 15 February issue of SMENA, you answered the question of whether "the decline in popularity could lead to the point where you do not get a sufficient number of votes and are not seated in parliament, and that would make it impossible for you to take an active part in politics": "...Christians, and also Christian Democrats, simply have a longer range perspective than the time from one public opinion poll to another...."

[Carnogursky] That is exactly right; partly there is the example of the successful Christian parties in Western Europe and now, after the elections in France, where the conservative and the Christian-oriented parties won, and in the coming elections in Spain, where there is a very realistic expectation of a victory by the People's Party, Christian parties will actually be ruling throughout Europe. This is one item of evidence. Another is the fact that Christianity has been offering Europe an ideological basis for governing for almost 2,000 years. Finally, as far as Slovakia is concerned, the balance sheet is very successful for Christianity.

In 1946, the Christian Democratic Party, which at that time was the party of the Catholics and the Protestants, won the elections over the communists. For the entire 40 years of the communist regime, the Christians maintained the highest level of organization in the struggle against the communists. I think that the balance sheet for the Christian policies was also successful before 1946, but their degree of success bears several dialectic features that would be difficult to explain in a brief newspaper interview.

[Wlachovsky] But, in an interview for SLOVENSKÝ DENÍK, you stated that the Christian voter base is more stable than that of the transitory liberal one. A broad opening to the liberal voters at the expense of losses in the conservative Christian voter base would therefore be a bad trade.

[Carnogursky] And that is also true.

[Wlachovsky] Why then is this stable voter base shrinking from election to election?

[Carnogursky] It has become smaller because, despite everything, the state legal position of Slovakia in the federation, while it existed, was not resolved in a suitable manner, and, quite simply, the nationalist dimension had

and still has its own importance in Slovakia. The social question connected with the breakup of the communist bloc and the communist economic system also played its own role here, but matters must be judged in a relative way, and a relative judgment reveals that the Christian voter base did indeed shrink, but the liberal voter base disappeared. In that sense, it simply did not make it into the parliament.

[Wlachovsky] What do you think of as the liberal voter base?

[Carnogursky] The voter base of the ODU [Civic Democratic Union] and several other smaller groupings outside parliament. In part, that also concerns the voter base of the Democratic Party.

[Wlachovsky] With what do you want to address the broader voter base—for example, people with no religious affiliation—if you want them at all?

[Carnogursky] There are two areas in the KDH program that could also speak to citizens with no religious affiliation. One is the professional quality of our programs and proposals; by way of illustration, I would mention our last proposal, a way out of the current crisis for the Slovak economy. Among the technical proposals, I include as well the possibilities for setting up economic, cultural, educational, political, and other contacts with the Western European partners by means of our sister parties in Western Europe. I would make mention of the fact that our technical proposals were worked up by teams that included "nonbelievers," as well. But another area that could speak to the nonbelievers consists of the fact that simply logically brilliant, individualistic, and isolated proposals and ideas are not enough for entering into politics and for finally running the state. There also has to be a social basis. The most suitable and most stable social basis for implementing good ideas—including those of others, not just your own—has proved to be Christianity, and here I refer back to my answer as to how successful the political balance of accounts has been for the Christians in Slovakia. Of course, the nonbelievers could somehow demand that the Christians not force their beliefs on them, but that is already the case. Christians do not force their beliefs on anyone; they just do not let their own beliefs be overthrown.

[Wlachovsky] What is the difference between a Christian democrat and a Christian socialist? Both types are believers, possibly even fervent believers.

[Carnogursky] A Christian socialist obviously places somewhat greater emphasis on the power of the collective and on its good features, and he justifies that greater emphasis through Christian teachings. That is possible.

[Wlachovsky] What is the relationship of the KDH to the church?

[Carnogursky] It is good, and to all of the larger religions of Slovakia, because, in the past three years, there has been a practical demonstration of what had also been conceptually

planned, that the KDH is a political organization independent of the church, and the churches are likewise nonpolitical institutions. The KDH and the churches are only indirectly joined by their ideological points of view.

[Wlachovsky] Your interpretation of conservatism is said to stem from the position of Catholic fundamentalism. What is your reaction to that assertion, and what do you understand is meant by Catholic fundamentalism?

[Carnogursky] In my political orientation, I have, even though indirectly, leaned on an appeal to Christian morality, but I have never justified it through religious authority. I call it foul play on the part of those who accuse me of Catholic fundamentalism. The political scene in the former Czecho-Slovakia and now in Slovakia for the past, let us say, five years has undergone enormous upheaval. During those past five years, I published first in underground publications and then in foreign newspapers and radio stations and then, after November 1989, at home as well, in the official mass media. I insist that in my statements for, again let us say, the past five years, I do not find any internal contradictions; on the contrary, I find that they follow a constant line. The bet that I offer you consists of the fact that pursuing that line cannot be called a fundamentalist religious truth and a desire for revelation any more than it can be called by any other label.

[Wlachovsky] Who are your closest political allies in Slovakia?

[Carnogursky] In the larger recent local elections, for example, in Kosice and, recently, in Zvolen, we are putting up joint candidates with other right-wing parties in Slovakia. In Kosice, it is the ODU and the ODS [Civic Democratic Party], and in Zvolen it will be with the Party of Conservative Democrats, the Democratic Party, the ODS, and several other smaller parties. Since its withdrawal from the government, the SNS [Slovak National Party] is trying to define itself as rightist.

[Wlachovsky] I want to ask you about just that. Those parties you named and with which you are entering the local elections are mainly parties not represented in parliament; I have in mind the SKD [Party of Conservative Democrats], the DS [Democratic Party], and the ODS. The SNS has only recently declared itself to be a right-wing conservative party and thus is actually moving in on the territory the KDH should naturally claim. What is your attitude toward that party?

[Carnogursky] Each party has the right to choose the orientation that suits it. The future will show which is better able to define itself as rightist on the national scene, as well—whether it will be the KDH or the SNS.

[Wlachovsky] In one interview you said, "I admit that I have a professional flaw, which I acquired as a lawyer, that compels me to always stick to the facts and consider matters realistically and to pay less attention to the theater that one should perform along with it." It strikes me as possible that the SNS will make gains simply because it knows better how to perform that theater. Do you really think it is theater, or, rather, does it have to do with the

capability of asserting oneself and correctly reading the audience regarding what to say to which people? The truth I speak can be the real one; I just present it in a different package.

[Carnogursky] So far, the KDH is more successful than the SNS in all regards. And whether we call it political theater or use the foreign word of assertiveness, such an attitude is temporarily successful, but, over a longer period of time, it has a tendency to be revealed, to uncover what is just theater and what is proper politics. We rely on that.

[Wlachovsky] The term "political theater" really carries a hidden subtext in it that is something like a political play, that is a play on a stage. But what I had in mind is not acting or a play. It is the ability to sell one's product, only in more attractive packaging.

[Carnogursky] Sure, there is also good theater, and I would say that we are already learning how to put on such good theater. The current meetings of the KDH throughout Slovakia are being far better attended than the SNS meetings, and I do not know if the SNS would actually be capable of holding meetings throughout Slovakia. Also, the atmosphere at the KDH meetings is generally considered to be the best. I invite your readers to come to some of the next KDH meetings and they can see for themselves.

[Wlachovsky] At the press conference last week, you responded to the question concerning the entrance of the SNS into the EDU [European Democratic Union]. I would be interested in the conditions for that support.

[Carnogursky] Actually, we have not excluded the possibility of support for the SNS in its entrance into the EDU, but I think that the SNS would have, at least for now, greater problems in meeting other requirements of the EDU than just the recommendation of the KDH. And that is mainly a matter of member parties of the EDU not honoring a nationalistic policy.

[Wlachovsky] How do you see the future of the right in Slovakia and that of the KDH within its framework?

[Carnogursky] With a long-term view of political developments in Western Europe, we can see that the right-wing parties entered into the government or were elected into it after the point at which the left-wing governments had squandered the national property of a given state. There then followed a period of a right-wing government, when the right-wing parties again put the economy of the state in order by a thrifty and progressive policy, and then, when the state no longer needed such a frugal policy, the citizens again let themselves be led astray by the leftist promises and again elected the left-wing parties. Something similar to that could happen in Slovakia if the squandering of the property by the leftist parties is successfully put forward from the viewpoint of the right-wing parties. My vision of the position of the KDH in Slovakia is that the KDH will preserve the nature of a people's party and, at the same time, will attract intellectuals and encompass a strong European dimension in itself. Nonbelievers or citizens who believe less strongly will not consider the believers to be less educated people or the manifestations of social solidarity to

be obsolete in comparison with consumer individualism. The believers will receive the nonbelievers' stimulus to thinking without prejudging it and will study it from a material standpoint, so that, if it is a good idea or, simply, if there are no better suggestions, they will be willing to accept it.

#### \* Hungarian Minorities' Radiobroadcasting Discussed

93CH0711B Bratislava UJ SZO in Hungarian 11 Jun 93 p 5

[Statements by Sandor Csep, chief editor of Cluj Radio and Television's Hungarian Department, Emese Jaszberenyi, secretary of the Tirgu Mures studio, and Magda Takacs, department head at Novi Sad Radio; reported by Jozsef Kiss in Bratislava; date not given: "A Sustaining Word Is Needed"]

[Text] *A poetic spell, cast from soul to soul, bound all those who attended the meeting held at the Hungarian Cultural Center in Pozsony [Bratislava] the other day. Yet the guests who addressed the gathering in the not very spacious room—it seems to have been designed with people in mind who prefer cozy informality—were not poets. The chroniclers of daily events, senior staff members of the radiobroadcasting services for the Danube Basin's Hungarian minorities, met here with a small group of interested local people. The guests talked to their hosts about common—yet to us occasionally astonishing—elementary problems; about technical difficulties, and the shortcomings in the conditions under which they operate. Sandor Csep, the chief editor of Kolozsvár [Cluj] Radio and Television's Hungarian Department, quoted the words of Miklos Zrinyi as the credo of a minority unwilling to succumb to despair: "It is a crime to do nothing when it is not possible to do everything."*

*A general survey of the situation in Central and East Europe prompted the gathering to silent, somber meditation. Conversation got off to a slow start. While listening to the positive evidence, a deeply moved Laszlo Dobos admitted to feeling that even the microphone in our region is loaded with gunpowder which, instead of killing, ignites flares that emit sparks of truth. With the relief provided by turning a profanity into a pun, Vojtech Kondrot, the well known Slovak poet and translator of literary works, practically resorted to incantation in his endeavor to convince that escape is still possible. In the end, the solidarity-forming power of the words coming to life over the airwaves prevailed. In that firm belief, we evoke here the testimonies of our radiobroadcaster guests.*

SANDOR CSEP (chief editor of Kolozsvár Radio and Television's Hungarian Department): It is no exaggeration—and perhaps even a world rarity—that our studio's Hungarian department, with its staff of 21, produces 28 hours of radio programming and three hours of television programming each week. From news to radio and television plays, every genre is represented in the programs. This output would require a staff of 94 according to the Romanian norms, a staff of 150 in comparison with the Hungarian ones, and approximately a staff of 200 under the

conditions that exist at the BBC. During the past three years we did not have a single Saturday or Sunday off, while putting in 16 hours of intellectual effort a day. But to us the past three years are unforgettable. They brought us the gift of experiencing our rebirth. Kolozsvár Radio began to broadcast in 1954. But in January 1985, on Ceausescu's orders issued by phone, we had to stop in the middle of a program. The same fate befell Hungarian television, founded and managed by Pal Bodor. We started anew during the revolutionary days of December 1989, as a "pirate station," with a camera I had purchased with my student grants. I have brought it along, to record this meeting for posterity. Since then we have received odds and ends, and help has arrived from Hungary as well. Nevertheless, we are finding it difficult to make ends meet. Commercials are our only source of income, in addition to our state salaries. But I might add that perhaps this is an occupational hazard, for I obtained a liberal arts diploma after the completion of my theological studies. I believe, profess and proclaim that, after more than 70 years of vicissitudes as minorities, the Hungarians of this region need a sustaining word, fortitude, and hope.

EMESE JASZBERENYI (secretary of the Marosvasarhely [Tirgu Mures] studio): Our studio is Kolozsvár Radio's younger sibling. Past our 35th birthday, we really are of age. When we first went on the air, the Szekely [East Transylvanian] Autonomous Province still existed, and the Marosvasarhely station was established to serve as Radio Free Europe's antagonist. Those in power were aware that the word broadcast by radio reaches even the most remote village. When the command, issued by telephone, to stop transmission arrived, it also meant the confiscation of the tapes on which our treasures were stored. We were able to make copies of a proportion of the tapes, but even so a full truckload of tapes ended up in Jilava, Romania's most notorious prison. We felt that we were the victims of intellectual murder. It was horrible to think that Andras Suto's words of encouragement, and the noble dialogs of the plays performed in the Marosvasarhely theater, were lost to us for good. But when we got our treasures back after December 1989, watching the young pupils helping us put the tapes in order created the impression that their small hands were actually fondling the recorded voices. We enjoy immense confidence. We know that our audience works better after we have greeted them in their native language in the morning, and that the sound of Hungarian words is more effective than the medicine the doctor prescribes. We receive hundreds of phone calls while we are on the air. Simple elderly people come to us practically with the devotion of pilgrims, to see for themselves the magic that finds nothing impossible, like in a story. And to us this perhaps means more than applause to an actor, or a Nobel Prize to a writer. And this is why we have the following saying: Radio is like a school that teaches, and like a church that one may enter only with a pure heart.

MAGDA TAKACS (department head at Ujvidek [Novi Sad] Radio): Besides Budapest Radio, Ujvidek Radio is the only one to broadcast 24 hours a day. That probably entitles us to feel proud. In the squeeze of the embargo, however, shortages of essential technical supplies often

bring this well developed institution to the brink of collapse. Amidst the conflicts among the stirred-up peoples of the Balkans, amidst the sounds of battle, we are saddened and even horrified. And to help our listeners overcome the paralyzing feeling of helplessness, we need even greater determination and sense of mission, which are essential attributes of radiobroadcasting, especially of minority radiobroadcasting. We are attempting to reach the innermost nooks of the Hungarian intellectuals' souls, to persuade them not to abandon their native land and their life-giving collectives. Hope and confidence are our guide when we reinforce the belief that they will return. The flight of intellectuals directly poses a serious problem for us as well. Our staff that numbered 102 earlier has now shrunk to 62, and the supply of replacements is in jeopardy. The spirit of tolerance is of vital importance to us. We do not wish to offend anyone, but insist on maintaining our dignity as a minority. We are striving to foster our existing relations and are grateful for this meeting here in Pozsony, to all those who have helped to bring it about. For us it means that, in addition to sending messages over the airwaves, we are also able to give you news about ourselves in person, about the Hungarians in the Vajdasag [Vojvodina]; to let you know that we are still alive and want to survive. And to that end we request your help.

*Yesterday afternoon the senior staff members of the Hungarian minority radiobroadcasting services met with reporters at a press conference organized by the editorial office of Slovak Radio's Hungarian Department. Vladimir Stefko, the director general of Slovak Radio, and his deputy,*

*Michal Berko, attended. Sandor Papp, the head of the Hungarian Department, said that this was the first attempt of its kind by a minority radiobroadcasting service to host such a meeting. The idea for it was inspired by the meetings held in Budapest during the past three years. The top management of Slovak Radio was receptive to the initiative. Several of the guests thanked the director general also personally for his helpfulness. The press conference presented a perceptive picture of the variegated character of the Hungarian minority broadcasting services, and of the differences in the conditions under which they operate. Laszlo Baranyi, the head of the studio in Temesvar [Timisoara], revealed that the studios in Bucharest, Kolozsvár, Marosvasarhely and Temesvar alternate in providing daily 12 hours of centrally transmitted programs in Hungarian. Information provided by Jolan Csaszar, the responsible editor of Slovenia's Mura Interfluve Radio, evoked considerable surprise. She said that the between 10,000 and 12,000 ethnic Hungarians in Slovenia have their own radio frequency, on which programs are broadcast 7.5 hours a day. The guests emphasized that they are striving to provide independent, party-neutral information. But Tibor Macsai, the managing chief editor of Szabadka [Subotica] Radio, said that they have to strike a balance between the interests of 16 local party organizations. Sandor Papp expressed his conviction that the visit would certainly boost cooperation among the Hungarian minority radiobroadcasting services, and would help to make regular the program swaps among them that up to now have been only occasional.*

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